

STATE LIBRARY OF PENNSYLVANIA



3 0144 00037444 7







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: JANUARY 23, 1973

### PENNSYLVANIA BANKS WILL REMAIN OPEN DURING OFFICIAL DAY OF MOURNING

Carl K. Dellmuth, Secretary of Banking of the Commonwealth of Pennsylvania, announced officially that there would be no banking holiday for Pennsylvania banks during the national day of mourning for the 36th President of the United States, Lyndon Baines Johnson. All Pennsylvania banks will therefor remain open for business. A similar procedure was followed after the recent death of the 33rd President, Harry S. Truman.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: February 11, 1973

### ASSETS OF STATE CHARTERED BANKS IN PENNSYLVANIA INCREASED OVER \$3-BILLION IN 1972

Assets of State chartered banks in Pennsylvania increased by more than \$3.2-billion or 16.3% during 1971, according to the latest figures made public today by Pennsylvania Secretary of Banking, Carl K. Dellmuth.

Assets of State chartered commercial banks, private banks, trust companies and savings banks as of December 31, 1972, amounted to more than \$23.3-billion, up from \$20.3-billion a year earlier. Deposits increased by over \$2.8-billion for a rise of 16.3% to total more than \$20.2-billion compared with \$17.4-billion at the end of 1971.

In the 12-months of 1972 loans and discounts, including Federal Funds, increased by a sum in excess of \$2-billion for a rise of 17.3%, totaling more than \$14.2-billion, up from \$12.1-billion.

During 1972, assets of the 162 State chartered commercial banks rose 16.2% to \$17.3-billion from \$14.8-billion. Deposits increased 16.1% for a rise of \$2-billion to \$14.4-billion, up from \$12.3-billion. Loans and discounts were up 19.3%, representing an increase of \$1.6-billion to \$10.5-billion compared to \$8.8-billion.

(more)









# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: February 20, 1973

### EXCERPTS FROM REMARKS OF PENNSYLVANIA SECRETARY OF BANKING, CARL K. DELLMUTH

Pennsylvania is a nation unto itself, economically larger than Australia. Our state has a gross product of \$64-billion or about 5.5% of the U.S. GNP total of \$1.1-trillion, and compares with Australia's \$45-billion with a comparable population.

\*

Assets of all banks, state and national, are over \$49-billion compared with total for the nation of more than \$550-billion.

\*

The Banking Department supervises not only 170 state banks with over 900 branches but also oversees over 400 state-chartered savings & loans, 141 credit unions, nearly 800 small loan companies, over 1,200 consumer discount companies and 43 pawnbrokers.

\*

Our legislative program is aimed at pre-empting action by Washington in many areas. It includes revision of the Usury Law, an omnibus measure of miscellaneous banking law changes to keep our institutions competitive, a reduction in the bank shares tax in line with reduction in other business taxes, and a liberalization of the banking structure.

\*







The liberalization of the banking structure to allow statewide branch banking is aimed at providing better services to depositors, savers and borrowers through increasing competition. It also will be beneficial to employees of financial institutions, to their stockholders and their members.





Digitized by the Internet Archive  
in 2019 with funding from

This project is made possible by a grant from the Institute of Museum and Library Services as administered by the Pennsylvania Department of Education through the Office of Commonwealth Libraries





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE February 27, 1973

(Reprint of Policy Position Taken On February 27, 1973 By The Pennsylvania Department of Banking In Favor of Removing the Interest Rate Ceiling on Conventional Mortgage Loans.)

The Banking Department as a state agency is concerned with the welfare of the borrower as well as the lender. The ability of the would-be borrower to secure adequate credit is a prime concern.

The rate setting mechanism should be such as to maximize the availability of credit for the borrower. This is especially crucial in Pennsylvania where in the past higher interest rates allowed in neighboring states have served to drain off mortgage money generated in our state.

Removal of the ceiling on mortgages is aimed at this problem as well as the inconvenience of bi-annually having the legislature adjust interest rate ceilings to current conditions. The Department believes that with no rate ceilings competition will keep rates at a reasonable level.

###









THE SECRETARY

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
P. O. BOX 2155  
HARRISBURG, PA. 17120

\* P R E S S   R E L E A S E \*

FOR RELEASE FRIDAY, MARCH 16, 1973

Secretary of Banking, Carl K. Dellmuth, today released the consolidated statement of all State chartered banking institutions as of December 31, 1972 compared with December 31, 1971.

Pennsylvania State chartered institutions recorded substantial gains in resources in 1972. Total resources reflect an all time high of \$23,677,079,810, an increase of \$3,323,424,277 or 16.3%. Net operating earnings were \$277,944,609, an increase of \$33,343,000 or 17.1%. Loans and Discounts represent 60.3% of total resources.

The number of banking offices at year end was 1,067 and branch offices increased from 832 to 897. Mergers of five National banks with State banks and four mergers involving State institutions were approved and three State banks merged with National banks.

Attention is directed to the appended consolidated statement and compilations of important ratios.

MAR 21 1973





DISTRIBUTION OF ASSETS  
STATE CHARTERED COMMERCIAL BANKS

	<u>State Average</u>
As a Percentage of Total Assets:	
Cash Assets	10.6%
Investment Securities	25.0%
Loans and Discounts (Including Federal Funds Sold)	60.6%
Real Estate Assets	1.3%
Other Assets	2.5%
	<u>100.0%</u>
Total Capital Accounts as a Percentage of:	
Total Assets	7.7%
Total Assets Less U. S. Government Securities and Cash Assets	9.3%
Total Deposits	9.2%
Percentage of:	
Time and Savings Deposits to Total Deposits	57.1%

EARNINGS RATIOS OF COMMERCIAL BANKS ACCORDING TO ASSET SIZE

	Under \$10,000M	\$10,000M to \$25,000M	\$25,000M to \$100,000M	\$100,000M to \$250,000M	Over \$250,000M
Net Operating Earnings to Average Total Assets	.98%	.95%	1.01%	1.29%	1.08%
Net Income After Related Taxes to Average Total Assets	.78%	.80%	.85%	1.12%	.89%
Net Income After Related Taxes to Average Total Capital Accounts	7.1 %	9.82%	10.77%	13.52%	11.79%
Dividends to Average Total Capital Accounts	1.81%	2.7 %	3.79%	5.68%	5.96%
Income on Loans to Average Loans	6.07%	6.55%	6.68%	7.17%	6.82%
Interest and Dividends on Securities to Average Securities	3.22%	4.61%	4.97%	5.23%	4.53%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	3.58%	4.24%	4.40%	4.65%	4.69%

EARNINGS RATIOS ALL STATE COMMERCIAL BANKS

	<u>1971</u>	<u>1972</u>
Net Operating Earnings to Average Total Assets	1.16%	1.08%
Net Income After Related Taxes to Average Total Assets	.96%	.90%
Net Income After Related Taxes to Average Total Capital Accounts	12.04%	11.62%
Dividends to Average Total Capital Accounts	5.79%	5.33%
Income on Loans to Average Loans	7.09%	6.91%
Interest and Dividends on Securities to Average Securities	4.86%	4.85%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	4.59%	4.58%





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	December 31, 1972	December 31, 1971	Increase+ Decrease-
<u>RESOURCES</u>			
Cash, Due from Banks, etc.	\$ 1,935,444,136	\$ 1,811,745,559	\$ 123,698,577+
U.S. Government Obligations			
Direct and Guaranteed	1,983,100,678	1,700,467,244	282,633,434+
Obligations of States and			
Political Subdivisions	2,349,971,885	2,104,171,904	245,799,981+
Other Bonds, Notes, Debentures			
and Corporate Stocks	2,331,627,576	1,884,204,337	447,423,239+
Federal Funds Sold	419,125,000	334,305,000	84,820,000+
Loans and Discounts	13,854,074,531	11,831,302,238	2,022,772,293+
Bank Premises & Furn. & Fixt.	258,972,125	210,000,287	48,971,838+
Other Real Estate	14,967,125	12,388,148	2,578,977+
Other Resources	529,796,754	465,070,816	64,725,938+
Total Resources	<u>\$23,677,079,810</u>	<u>\$20,353,655,533</u>	<u>\$3,323,424,277+</u>
<u>LIABILITIES</u>			
Demand Deposits	\$ 6,223,889,680	\$ 5,507,913,097	\$ 715,976,583+
Time and Savings Deposits	14,027,375,551	11,896,110,576	2,131,264,975+
Federal Funds Purchased	633,315,024	537,505,950	95,809,074+
Borrowed Money	139,170,837	69,533,790	69,637,047+
Other Liabilities	765,184,126	652,381,655	112,802,471+
Total Liabilities	<u>\$21,788,935,218</u>	<u>\$18,663,145,068</u>	<u>\$3,125,490,150+</u>
RESERVES ON LOANS AND SECURITIES	<u>\$ 165,703,179</u>	<u>\$ 160,784,805</u>	<u>\$ 4,918,374+</u>
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	<u>\$ 1,742,540</u>	<u>\$ 1,583,992</u>	<u>\$ 158,548+</u>
<u>CAPITAL ACCOUNTS</u>			
Capital Securities	\$ 222,478,830	\$ 158,462,030	\$ 64,016,800+
Capital Stock	246,671,933	241,027,530	5,644,403+
Net Worth of Private Banks	2,686,233	2,635,319	50,914+
Surplus	924,329,959	860,593,210	63,736,749+
Undivided Profits	315,384,087	246,918,822	68,465,265+
Reserves	9,147,831	18,204,757	9,056,926-
Total Capital Accounts	<u>\$ 1,720,698,873</u>	<u>\$ 1,527,841,668</u>	<u>\$ 192,857,205+</u>
Total Liabilities, Reserves and Capital Accounts	<u>\$23,677,079,810</u>	<u>\$20,353,655,533</u>	<u>\$3,323,424,277+</u>
<u>RESOURCES (by type of institution)</u>			
Banks	\$ 1,055,117,791	\$ 1,069,532,697	\$ 14,414,906-
Bank and Trust Companies	16,261,028,131	13,830,052,684	2,430,975,447+
Trust Companies	8,341,839	7,896,528	445,311+
Savings Banks	6,316,500,376	5,418,832,289	897,668,087+
Private Banks	36,091,673	27,341,335	8,750,338+
Total Resources	<u>\$23,677,079,810</u>	<u>\$20,353,655,533</u>	<u>\$3,323,424,277+</u>
TRUST FUNDS	<u>\$ 9,081,983,012</u>	<u>\$ 7,983,524,195</u>	<u>\$1,098,458,817+</u>
TOTAL DEPOSITS	<u>\$20,251,265,231</u>	<u>\$17,404,023,673</u>	<u>\$2,847,241,558+</u>
<u>NUMBER OF INSTITUTIONS</u>			
<u>AND BRANCH OFFICES</u>		<u>Operating</u>	
	<u>Institutions</u>	<u>Branch Offices</u>	<u>Institutions</u>
Banks	66	51	71
Bank and Trust Companies	89	728	91
Trust Companies	2	0	3
Savings Banks	8	116	8
Private Banks	5	2	5
	<u>170</u>	<u>897</u>	<u>178</u>
			<u>Operating</u>
			<u>Branch Offices</u>
			48
			677
			0
			105
			2
			<u>832</u>





P B 1. 17/8

May 23

C. 2



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
P. O. BOX 2155  
HARRISBURG PA. 17120

THE SECRETARY

\* P R E S S   R E L E A S E \*

FOR RELEASE BEGINNING A.M. WEDNESDAY, MAY 23, 1973

Secretary of Banking, Carl K. Dellmuth, today made public the consolidated statement of State chartered banking institutions as of March 28, 1973 compared with April 18, 1972.

Total Resources of Pennsylvania State chartered banking institutions reached an all time high of \$23,833,609,924 on March 28, 1973 and reflects an increase of \$2,492,819,212 (11.7%) compared to April 18, 1972.

Increases of \$1,986,014,487 in Total Deposits and \$224,520,488 in Total Capital Accounts were principal factors in contributing to the growth of Total Resources and provided funds for the increases of \$1,883,604,387 in Loans and Discounts and \$662,051,950 in Securities Investments.

Total Resources of State chartered commercial banks are distributed as follows: Loans and Discounts 62.5%, Securities Investments 25%, Cash, Due from Banks 8.7% and All Other Resources 3.8%. The ratio of Total Capital Accounts to Deposits is 9.7%. Loans to Deposit ratio is 76.5%. The Total Capital to Total Resources ratio is 7.9%.

During this period the number of branches increased from 848 to 938 and total banking offices from 1,025 to 1,108.

STATE LIBRARY  
DOCUMENTS SECTION

MAY 30 1973





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	March 28, 1973	April 18, 1972	Increase+ Decrease-	
<u>RESOURCES</u>				
Cash, Due from Banks, etc.	\$ 1,581,505,944	\$ 1,837,040,256	\$ 255,534,312+	
U. S. Government Obligations	1,906,000,255	1,769,738,609	136,261,646+	
Direct and Guaranteed				
Obligations of State and	2,418,890,349	2,204,974,754	213,915,595+	
Political Subdivisions				
Other Bonds, Notes, Debentures	2,379,424,704	2,067,549,995	311,874,709+	
and Corporate Stocks				
Federal Funds Sold	521,725,632	380,475,000	141,250,632+	
Loans and Discounts	14,257,534,338	12,373,929,951	1,883,604,387+	
Bank Premises & Furn. & Fixt.	262,919,612	219,349,737	43,569,875+	
Other Real Estate	14,841,700	11,800,804	3,040,896+	
Other Resources	490,767,390	475,931,606	14,835,784+	
Total Resources	<u>\$23,833,609,924</u>	<u>\$21,340,790,712</u>	<u>\$2,492,819,212+</u>	
<u>LIABILITIES</u>				
Demand Deposits	\$ 5,439,185,309	\$ 5,498,507,601	\$ 59,322,292-	
Time and Savings Deposits	14,662,526,467	12,617,189,688	2,045,336,779+	
Federal Funds Purchased	779,117,123	670,060,952	109,056,171+	
Borrowed Money	178,249,328	61,281,640	116,967,688+	
Other Liabilities	825,823,803	775,871,462	49,952,341+	
Total Liabilities	<u>\$21,884,902,030</u>	<u>\$19,622,911,343</u>	<u>\$2,261,990,687+</u>	
RESERVES ON LOANS AND SECURITIES	\$ 167,849,809	\$ 161,675,751	\$ 6,174,058+	
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	\$ 1,739,664	\$ 1,605,685	\$ 133,979+	
<u>CAPITAL ACCOUNTS</u>				
Capital Securities	\$ 230,133,330	\$ 160,084,180	\$ 70,049,150+	
Capital Stock	263,078,156	241,740,801	21,337,355+	
Net Worth of Private Banks	2,871,608	2,869,502	2,106+	
Surplus	948,402,127	874,670,394	73,731,733+	
Undivided Profits	323,724,761	255,371,381	68,353,380+	
Reserves	10,908,439	19,861,675	8,953,236-	
Total Capital Accounts	<u>\$ 1,779,118,421</u>	<u>\$ 1,554,597,933</u>	<u>\$ 224,520,488+</u>	
Total Liabilities, Reserves and Capital Accounts	<u>\$23,833,609,924</u>	<u>\$21,340,790,712</u>	<u>\$2,492,819,212+</u>	
<u>RESOURCES (by type of institution)</u>				
Banks	\$ 1,137,343,012	\$ 1,351,884,473	\$ 214,541,461-	
Bank and Trust Companies	16,096,009,426	14,156,920,702	1,939,088,724+	
Trust Companies	8,339,127	7,948,980	390,147+	
Savings Banks	6,557,947,434	5,793,326,141	764,621,293+	
Private Banks	33,970,925	30,710,416	3,260,509+	
Total Resources	<u>\$23,833,609,924</u>	<u>\$21,340,790,712</u>	<u>\$2,492,819,212+</u>	
TRUST FUNDS	\$ 9,292,495,239	\$ 8,357,929,635	\$ 934,565,604+	
TOTAL DEPOSITS	\$20,101,711,776	\$18,115,697,289	\$1,986,014,487+	
<u>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</u>				
	Institutions	Operating Branch Offices	Institutions	Operating Branch Office
Banks	66	63	70	49
Bank and Trust Companies	89	753	91	688
Trust Companies	2	0	3	0
Savings Banks	8	120	8	109
Private Banks	5	2	5	2
	<u>170</u>	<u>938</u>	<u>177</u>	<u>848</u>







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: June 1, 1973

Carl K. Dellmuth, Secretary of Banking of the Commonwealth of Pennsylvania, said that the Department of Banking is not now or in the immediate future contemplating a change in the State regulation on bank reserves.

This policy position was announced by the Department in the wake of the Federal Reserve System's recent directive to member banks, and its request to the 190 largest State non-member banks in the Nation to voluntarily increase reserves on certain classes of certificates of deposit. Three of the four largest State non-member banks in the U. S. are in Eastern Pennsylvania.

It is the Department's view that while steps must be taken to bring inflation under control, the reserve boost requested by the Federal Reserve of non-member banks would have no significant effect in itself as an anti-inflationary measure.

At the same time Secretary Dellmuth defended the reserve requirements of the Pennsylvania Department of Banking pointing out that while not dissimilar to those of the Federal Reserve Board in broad outline, in actual practice the Department is taking a more realistic approach to "allowable reserves" such as government bonds, obligations of the Commonwealth of Pennsylvania, its political subdivisions, and certain government agencies.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: June 1, 1973

The Department likewise reported that several non-member banks fear that this recent request by the Fed might be one of a series of actions leading to the Fed's announced recommendation that all banks - member or non-member - be required by law to meet the Fed's general reserve requirements.

Only a week ago Secretary Dellmuth in an address to the convention of the Pennsylvania Bankers Association had suggested that the Fed call a conference of leaders of the American Bankers Association and state bank supervisors in view of the escalating loss of membership by the Federal Reserve System. He pointed out that such a move would place the Fed in touch with industry wide opinion and thus establish a greater rapport between the regulated and the regulators. This "roundtable" proposal put forward by Secretary Dellmuth is receiving favorable reaction from many banking groups as well as from individual banking institutions both member and non-member.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

June 20, 1973

FOR RELEASE: 1:30 P. M.

The Department of Banking opposes Senate Bill No. 356 on the grounds that it discriminates against state-chartered banks as compared to nationally-chartered banks.

John B. Toppin, Deputy Secretary of Banking, in testimony before the Senate Insurance Committee today (June 20) said that the Bill if enacted into law would prohibit state-chartered banks from acting as agents for any fire, life or other insurance company.

Toppin pointed out that this state-enacted restriction could not and would not apply to national banks which outnumber state-chartered banks in the Commonwealth by a margin of two to one. National banks are allowed under National Banking Laws to act as agents for various types of insurance companies in areas where the population does not exceed 5,000. This power has been upheld in numerous court cases.

Calling upon the Insurance Committee to drop consideration of this Bill, Deputy Secretary Toppin noted that consideration of such legislation is premature in view of the fact that federal banking supervisory agencies currently are reviewing the entire area of bank-insurance company relationships. He also made the point that the determination of the activities in which state-chartered banks and financial institutions generally can engage in should be left to bank supervisory agencies.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

JULY 26, 1973

FOR RELEASE: IMMEDIATELY

Carl K. Dellmuth, Pennsylvania Secretary of Banking, said that the unrealistic action taken by our Legislature is distressing news for thousands of Pennsylvanians who are in the process of selling their homes and equally distressing for many wishing to buy new homes. Someday we will learn that in home financing availability of funds is more important than rate ceilings.

Moreover, one day we will learn that rate and total financing costs may be entirely different things.

The present action is a stop gap and what the Commonwealth needs is a complete overhaul of our Usury Law.

Aside from hardship inflicted upon would be borrowers the action presents serious difficulties to lending institutions. Rates paid to savers have increased sharply in recent weeks. Lending institutions must seek mortgages at rates sufficient to support these higher savings rates. If this cannot be done within Pennsylvania, mortgage funds will flow out of Pennsylvania.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

AUGUST 2, 1973

FOR RELEASE: IMMEDIATELY

Pennsylvania Secretary of Banking Carl K. Dellmuth stated that early reports show that the recently enacted 8% ceiling on mortgages under \$35,000. as predicted, discriminates against lower income groups by creating a two-tier usury law that fences out those of modest income from mortgage financing.

Legislation that was aimed at protecting the home buyer of average means is accomplishing the exact opposite of what it was intended to do, according to Secretary Dellmuth, who pointed out that "availability" not rate is the key to home financing. As had been foreseen, he added, the unrealistic 8% ceiling on mortgages under \$35,000. has resulted in depriving the lower income borrower of normal access to mortgage funds.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

The Banking Secretary explained that lending institutions under current money market conditions are simply not able to make mortgage loans at a rate that does not take into account the price they must pay for money which they lend. For instance, savings rates paid by commercial banks, mutual savings banks and savings & loans have escalated to 7 and  $7\frac{1}{2}\%$  and some to 8% on four year savings certificates. Rates in excess of 10% are being paid by commercial banks on large Certificates of Deposit. Meanwhile, the prime rate has advanced to a record  $8\frac{3}{4}\%$  level.

Secretary Dellmuth said other victims of the dearth of mortgage funds include individuals wishing to sell average priced homes such as widows, the elderly, the worker who has retired, and the worker who has changed jobs. Other casualties are the builders of middle income homes and the realtor whose sales are mostly to those with lower bracket incomes. #







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

MONDAY, AUGUST 13, 1973

FOR RELEASE 9:00 A.M.

Carl K. Dellmuth, Pennsylvania Secretary of Banking, commenting on President Nixon's proposals to revamp the nation's financial system said that this confronts regulators of state-chartered institutions with the necessity of keeping their institutions competitive.

Essentially, the President's proposals are a request to the Congress to implement major aspects of the famed Hunt Report on Financial Institutions. Secretary Dellmuth, in speeches and policy statements since taking office at the beginning of the year, has warned of the changes that would confront state banking systems when the Hunt Report began to take legislative form.

As seen by Secretary Dellmuth, the problem facing regulators of financial institutions in the various states is not only of keeping their institutions abreast of their federally-chartered counterparts, but also of preserving the dual banking system.

It was with these challenges in view that the Secretary of Banking has consistently advocated legislation that would permit commercial banks, mutual savings banks and savings and loans to branch statewide in Pennsylvania. Bills to implement this are now in the Senate Banking Committee. Secretary Dellmuth feels that this move would prepare institutions in the state to face the problems that would be posed by the enactment of President Nixon's proposals.

(More)







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

MONDAY, AUGUST 13, 1973 (Continued)

FOR RELEASE

According to the Secretary, the removal of artificial geographical barriers to the coalescing of institutions into regional groupings, where desirable, would strengthen and rationalize the state's banking and savings & loan structure. This would enable institutions in all areas to meet such probable changes as the removal of interest ceilings, redistribution of powers between various types of institutions, and the changes in taxation.

Proposals for federally-chartered mutual savings banks and for federally-chartered stock-company savings & loans also are changes that may appear as the result of the Nixon proposals. These too would be better met by a revitalized banking system in Pennsylvania that can be envisioned as the result of state-wide branching.

Wisely, President Nixon did not include in his proposals any suggestion for compulsory membership in the Federal Reserve System. Secretary Dellmuth feels that any such compulsion would seriously injure the nation's dual banking structure and do little to aid the Federal Reserve in its primary function as the nation's central bank.

Surprisingly, however, President Nixon's revamping plans did not, at this time, mention the Hunt Report advocacy of universal state-wide banking throughout the nation. It doubtless will be included in a possible second phase of restructuring the nation's financial institutions. Needless to say, it is even more imperative that Pennsylvania exert leadership by adopting as promptly as possible a state-wide banking concept, Secretary Dellmuth stated.

###





THE SECRETARY

P B 1.17/8  
Aug. 17, 73  
C 2

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
P. O. BOX 2155  
HARRISBURG PA. 17120

\* P R E S S   R E L E A S E \*

FOR RELEASE BEGINNING A.M. FRIDAY, AUGUST 17, 1973

Secretary of Banking, Carl K. Dellmuth, today released the consolidated Report of Condition of all State chartered banking institutions as of June 30, 1973.

Total resources of Pennsylvania's State chartered banks reached an all time high of \$24,681,041,222 on June 30, 1973 and reflect an increase of \$2,823,818,948 (12.9%) compared to June 30, 1972.

Increases of \$2,273,336,693 in Total Deposits and \$246,879,904 in Total Capital Accounts were principal factors in contributing to the growth of Total Resources and provided funds for the increases of \$2,148,881,000 in Loans and Discounts and \$691,115,199 in Securities Investments.

Total resources of State chartered commercial banks are distributed as follows: Loans and Discounts 62.9%, Securities Investments 24.2%, Cash and Due from Banks 9.4% and All Other Resources 3.9%. The ratio of Total Capital Accounts to Total Deposits is 10.1%. Loan to Deposit ratio is 77.2%. The Total Capital to Total Resources ratio is 8.1%.

During this period the number of branches increased from 859 to 953 and total banking offices from 1,034 to 1,122.

RECEIVED - AUG 17 1973

007.1710







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

*Heckman  
Ingwers*

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Noon-August 28, 1971

Carl K. Dellmuth, Pennsylvania Secretary of Banking, has commented that the latest increase in the prime rate to 9-3/4% - with likely further increases to follow - together with the week-end boost to 8-1/2% for the ceiling on FHA and VA mortgages serves to highlight Pennsylvania's ludicrous 8% two-tier mortgage rate law.

The Secretary made these observations in response to the ever swelling voices of protest from throughout Pennsylvania over the new Usury Law enacted in July which sets a ceiling of 8% on mortgages under \$35,000., but allows a floating rate or no-ceiling on mortgages over that figure.

He said that an initial analysis of the protests indicates that the present Law actually threatens to throttle the mortgage finance, real estate and building industries in Pennsylvania unless remedial steps are taken as soon as possible.

In calling for the prompt relief of these vital industries as well as providing a fair shake for the small borrower, Secretary Dellmuth reiterated his stand in favor of the no-ceiling approach, a position he first made public within weeks of taking office early this year. Although of course not anticipating the heights of current interest rate levels, he did at that time warn that the general trend of the money markets world-wide was toward higher ground, and that only a no-ceiling regulation would be viable over any period of time,







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Noon-August 28, 1973

Page - 2

while at the same time permanently removing the whole matter from the realm of annual or bi-annual political jostling.

The Legislature in part took his advice by adopting no-ceiling for mortgages over \$35,000. It remains now for the privilege to be extended to the smaller borrower. Secretary Dellmuth explained this by stating "availability is more important than rate," a financial fact of life that has been cruelly demonstrated to the small borrower in Pennsylvania.

Secretary Dellmuth stated that the present mortgage rate structure in Pennsylvania discriminates against the mortgage borrower of modest means by denying him normal access to the money market in the mistaken belief that the 8% ceiling on mortgages under \$35,000. is a protective feature.

g





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

September 5, 1973

FOR RELEASE 3:00 P.M.

Pennsylvania Secretary of Banking, Carl K. Dellmuth, stated today that the soon to reconvene (September 17) General Assembly in facing the state's mortgage crisis should take this opportunity to free itself from the burden of fixing interest rates.

He made the point that this task should no more be inflicted upon the legislature than it should be charged with setting food prices, automobile prices or the admission prices to sporting events.

Secretary Dellmuth stated that the market place should fix such prices for only then does the public get the best all-around accommodations. He added that free competition tends to keep prices in line with current economic circumstances and when it doesn't people have sense enough to stop buying. And this, Secretary Dellmuth stated, applies to mortgage interest rates as well as the price of beef, chicken, fish, automobiles, clothing or football tickets.

Referring to Pennsylvania's current two-tier Usury Law, which fixes an interest ceiling of 8% on mortgages under \$35,000, Secretary Dellmuth stated that this prevents the free action of the market place, and as such has proven to be shamefully unrealistic and discriminatory for owners and buyers of modestly priced real estate. As a result the average man has been unintentionally hurt by legislation that was intended for his benefit, Secretary Dellmuth said.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

September 5, 1973

FOR RELEASE 3:00 P.M.

- CONTINUED -

Calling for a complete overhaul of Pennsylvania's Usury Law, which he said has no teeth, Secretary Dellmuth hopes that the newly appointed Commission on Mortgage and Interest Rates as named by Governor Shapp will help to throw light where heretofore little more than heat, misunderstanding and confusion has prevailed in Pennsylvania for over a century.

The Commission opens its first public hearing tomorrow in Wilkes-Barre. Subsequent public hearings will be held September 13 in Philadelphia, September 14 in Pittsburgh, September 18 in Harrisburg, September 20 in Williamsport and September 25 in Erie.

Secretary Dellmuth, stating that legislators having already freed up mortgages over \$35,000 from any ceiling rate, now need only to extend the same privilege to those seeking mortgages under \$35,000. He suggested this move be made for a six month period to give the Governor's Commission time in which to determine broad policy while removing pressure from legislators. He also noted that in the states of Michigan and Virginia, where a no mortgage rate ceiling was adopted for a two period, the trial run was so successful that no-ceiling was made a permanent policy.







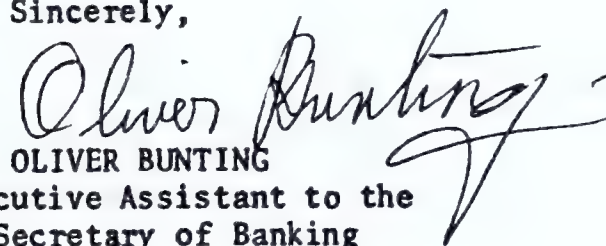
COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
P.O. BOX 2155  
HARRISBURG, PA. 17120

MASTER FILE  
911-73

TO ALL CHIEF EXECUTIVE OFFICERS:

Enclosed for your information is a copy of a recent letter by Secretary of Banking, Carl K. Dellmuth, setting forth the Department's policy position in the areas of bank reserves and the dual banking system. The letter was sent to Senator Hugh Scott, Senator Richard S. Schweiker, Congressman William A. Barrett, Congressman William S. Moorhead, and Congressman Albert W. Johnson.

Sincerely,

  
OLIVER BUNTING  
Executive Assistant to the  
Secretary of Banking

Enclosure





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

CARL K. DELLMUTH  
SECRETARY OF BANKING

September 11, 1973

Honorable Hugh Scott,  
Senate of the United States,  
260 Senate Office Building,  
Washington, D. C.

Dear Hugh:

On August 3, 1973, President Nixon announced his proposals, based upon the Hunt Commission Report, to restructure the financial system of this country.

An important feature of these proposals is the attempt to preserve the dual banking system, especially in the long-debated area of uniform reserve requirements for deposit accounts. Federal Reserve spokesmen have long claimed the need for control over reserves of all banks in the nation to properly exercise its monetary policy role.

We in Pennsylvania consider this contention has little merit because less than 30% of bank assets reside in institutions not members of the Federal Reserve System. A substantial percentage of funds of these non-member banks are customarily deposited with a correspondent bank which is a member of the Federal Reserve System.

Further, a review of reserve requirements of the various States reveals that these requirements, in the main, are quite similar to those required for Federal Reserve member banks so that no great disparity exists in reserve requirements per se. The key difference, in most instances, is that non-member banks may invest a portion of this reserve in qualified earnings assets (such as government bonds) as opposed to the non-producing cash-on-deposit requirements which the Federal Reserve imposes.

We in the Pennsylvania Department of Banking support the position of the Conference of State Bank Supervisors expressed in Dr. L. E. Kreider's letter to you on August 16, 1973. As strong believers in the dual banking system, we respectfully urge you to vote against any legislation which would tend to erode the authority of the States in the supervision of financial institutions under State charter.

With kindest regards.

Sincerely,







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

CARL K. DELLMUTH  
SECRETARY OF BANKING

September 11, 1973

Honorable Hugh Scott,  
Senate of the United States,  
260 Senate Office Building,  
Washington, D. C.

Dear Hugh:

On August 3, 1973, President Nixon announced his proposals, based upon the Hunt Commission Report, to restructure the financial system of this country.

An important feature of these proposals is the attempt to preserve the dual banking system, especially in the long-debated area of uniform reserve requirements for deposit accounts. Federal Reserve spokesmen have long claimed the need for control over reserves of all banks in the nation to properly exercise its monetary policy role.

We in Pennsylvania consider this contention has little merit because less than 30% of bank assets reside in institutions not members of the Federal Reserve System. A substantial percentage of funds of these non-member banks are customarily deposited with a correspondent bank which is a member of the Federal Reserve System.

Further, a review of reserve requirements of the various States reveals that these requirements, in the main, are quite similar to those required for Federal Reserve member banks so that no great disparity exists in reserve requirements per se. The key difference, in most instances, is that non-member banks may invest a portion of this reserve in qualified earnings assets (such as government bonds) as opposed to the non-producing cash-on-deposit requirements which the Federal Reserve imposes.

We in the Pennsylvania Department of Banking support the position of the Conference of State Bank Supervisors expressed in Dr. L. E. Kreider's letter to you on August 16, 1973. As strong believers in the dual banking system, we respectfully urge you to vote against any legislation which would tend to erode the authority of the States in the supervision of financial institutions under State charter.

With kindest regards.

Sincerely,







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

Wednesday, September 12, 1973

FOR RELEASE 4:00 P. M.

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, announced the Banking Department has been informed that the directors of Northeastern National Bank of Pennsylvania, Scranton, have voted to convert to a State-chartered bank as soon as requisite action is taken by shareholders and Washington authorities.

Northeastern National has operated under a national charter since 1863. When completed this will become the largest such conversion in the history of Pennsylvania banking.

Former Governor William B. Scranton is chairman of the board of Northeastern and Carl A. Propes is president and chief executive officer. The bank, which is the largest commercial bank in the northeastern section of Pennsylvania, has in addition to its main office in Scranton, branches in Hazelton, Wilkes-Barre, Carbondale, West Scranton, Abington, Mt. Pocono, Tobyhanna Army Depot, Pocono Pines, Stroudsburg and East Stroudsburg.

In commenting on the move, Secretary Dellmuth stated "Northeastern National is a distinguished bank and we will be proud to have it among our State-chartered institutions."





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

Tuesday, September 18, 1973

FOR RELEASE 9:30 A. M.

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, is advocating a complete overhaul of the state's Usury Law, which he said currently has no teeth.

Testifying before the Governor's Commission on Mortgage and Interest Rates, he stated that experience has shown that laws without penalties cannot be enforced. To further this objective the Secretary called for a licensing of all lenders operating in Pennsylvania, and a standardization of interest charges with the State moving to strengthen some aspects of the Federal Truth-in-Lending regulation.

Secretary Dellmuth reiterated the Department's oft expressed viewpoint that there should be no-ceiling on mortgage rates, relieving legislators completely of the responsibility of setting guidelines in this area. He pointed out that they have already adopted the no-ceiling approach for mortgages over \$35,000. It remains for the General Assembly to extend the same no-ceiling privilege to those seeking mortgages under \$35,000. The head of the Banking Department cited availability as important a factor as rate.





While stating that no-ceiling is the best approach to the current mortgage crisis in Pennsylvania, the Secretary said that several other approaches also are worthy of consideration. A second is tying the interest rate to a floating peg, that is tying it to some well known bench mark such as the Federal Reserve discount rate, or the rate on advances charged by the Federal Home Loan Bank. A third scheme would set a very high rate as used in several states under the Uniform Consumer Code.

At the same time Secretary Dellmuth also suggested a variation of the no-ceiling method as used in California. There the no-ceiling is applied only to licensed lenders. In advocating the licensing of all lenders, he made the point that this would enable the Banking Department to set regulations and give it the power to supervise this area in behalf of protecting the consumer. Judging from complaints received, he said, it is unlicensed lenders that cause problems for unwary consumers.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

Thursday, September 27, 1973

FOR RELEASE 10:00 A. M.

Harrisburg -- Confronted with a statement from the Federal Reserve over the level of bank reserves for the second time within less than six months, Pennsylvania Secretary of Banking Carl K. Dellmuth reacted by again stating "the Department of Banking is not now or in the immediate future contemplating a change in the State regulation on bank reserves."

This is in answer to the Federal Reserve Board's recent request to certain State banks not members of the Federal Reserve System that they voluntarily increase reserves on certain classes of certificates of deposit to levels ordered for member banks.

The Pennsylvania Secretary of Banking deplores independent action by one regulatory body, which tends to invade the jurisdiction of another. As suggested in his remarks to the May Convention of the Pennsylvania Bankers Association, Secretary Dellmuth once again calls for officials of the Federal Reserve System to sit down with leaders of The American Bankers Association and the State Bank Supervisors - to review all problems of mutual concern, including the escalating loss of membership by the Federal Reserve System.



September 27, 1973

Once again Secretary Dellmuth takes the view that while steps must be continued to bring inflation under control, this second request to non-member banks would not now as it did not in the late spring have any significant effect in itself as an anti-inflationary measure.

Secretary Dellmuth again reaffirmed the adequacy of the reserve requirements of the Pennsylvania Department of Banking. He reiterated that these basic reserves are very similar to those of the Federal Reserve Board. The difference lies in that the Department counts as allowable reserves government bonds, obligations of the Commonwealth and its political subdivisions as well as certain government agencies.

Secretary Dellmuth feels compelled to repeat that many non-member banks view such requests by the Fed as representing preliminary actions leading to an endeavor by the Board of Governors to implement its frequent recommendation that all banks - member and non-member - be required by law to meet reserve requirements as determined by the Board.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

Friday, September 28, 1973

FOR RELEASE: 10:00 A. M.

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, announced that Governor Milton J. Shapp has signed into law House Bill #255 which is the Department's Banking Code Omnibus Bill.

The Bill permits State-chartered institutions to grant mortgages up to 95% of value for 30-years with regular amortization if the portion of the loan in excess of 75% is insured by a private mortgage insurance company.

At the same time the Bill allows State-chartered banks to grant mortgages up to \$40,000 on one-family residential properties on 90% of the value for 30-years if amortized.

This Bill likewise broadens the investment powers of State-chartered institutions to permit them to acquire obligations of corporations organized to promote public welfare and community development, expand the economy or provide social reform, which obligations would not normally be considered of investment quality.

Further, the Bill allows revolving credit to be used for commercial, business, professional, agricultural or non-profit purposes under Section 316 of the Banking Code.

Mutual savings banks in Pennsylvania, according to this Bill, now are permitted to make insured loans to finance mobile homes.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
P.O. BOX 2155  
HARRISBURG, PA. 17120

September 27, 1973

SUBJECT: House Bill No. 255  
Banking Department Omnibus Bill

All Banking Code Holders

FROM: John B. Toppin *John B. Toppin*  
Deputy Secretary of Banking

Attached is a copy of House Bill No. 255 and a summary of changes made in the Banking Code of 1965. A printed copy of these revisions for inclusion in your binder will be forwarded at a later date. This legislation, known as Act No. 72, was signed by Governor Milton J. Shapp on September 27, 1973 to become effective as of September 27, 1973.

Some of the more important provisions would:

- 1) Permit state-chartered banks to grant mortgages up to \$40,000 on one-family residential properties on 90% of the value for thirty (30) years if amortized regularly.
- 2) Permit mortgages up to 95% of the value for thirty (30) years, with regular amortization, if the portion of the loan in excess of 75% is insured by a private mortgage insurance company.
- 3) Broaden investment powers to acquire obligations of corporations organized to promote public welfare and community development, expand the economy or provide for social reform, which obligations would not normally be considered of investment quality.
- 4) Permit revolving credit under Section 316 for commercial, business, professional, agricultural or non-profit purposes.
- 5) Permit mutual savings banks to act as trustee of funds received under the Self-employment Tax Retirement Act and to invest such funds only in interest-bearing deposits in their own institution without regard to Federal deposit insurance. They would also be permitted to make insured loans for the purpose of mobile home financing.
- 6) Amend Section 1103 on surplus to prohibit payment of dividends without Department approval if surplus is less than 50% of capital.

AN ACT

Amending the act of November 30, 1965 (P.L.847, No.356),  
entitled "An act relating to and regulating the business of  
banking and the exercise by corporations of fiduciary powers;  
affecting persons engaged in the business of banking and  
corporations exercising fiduciary powers and affiliates of  
such persons; affecting the shareholders of such persons and  
the directors, trustees, officers, attorneys and employees of  
such persons and of the affiliates of such persons; affecting  
national banks located in the Commonwealth; affecting persons  
dealing with persons engaged in the business of banking,  
corporations exercising fiduciary powers and national banks;  
conferring powers and imposing duties on the Banking Board,  
on certain departments and officers of the Commonwealth and  
on courts, prothonotaries, clerks and recorders of deeds;  
providing penalties; and repealing certain acts and parts of  
acts," enlarging the lending and investment powers of  
institutions, the surplus account requirements, and the  
additional powers related to the conduct of the business of  
savings banks.

The General Assembly of the Commonwealth of Pennsylvania

hereby enacts as follows:

Section 1. Subsection (a) of section 310, act of November  
30, 1965 (P.L.847, No.356), known as the "Banking Code of 1965,"  
is amended to read:

Section 310. Real Estate Loans

(a) Permissible loans; maximum amount and term--An



1 institution may, subject to the requirements of this section,  
2 make or acquire a loan secured by a lien on real estate  
3 (including a lease-hold) located in any state or the District of  
4 Columbia, in a dependency or insular possession of the United  
5 States or in the Commonwealth of Puerto Rico, in an amount and  
6 for a term not to exceed:

7 (i) in the case of improved real estate, including farm  
8 land:

9 (A) two-thirds of the value for ten years, if  
10 unamortized, or

11 (B) four-fifths of the value for thirty years, if the  
12 terms of the loan require substantially equal payments at  
13 successive intervals of not more than one year each and  
14 in an amount sufficient to pay all principal of and  
15 interest on the loan within the term of the loan, except  
16 that the date of the initial payment on a loan to a  
17 commercial or industrial borrower may be deferred for a  
18 period not in excess of three years from the date of the  
19 loan; or

20 (C) ninety percent of the value of a one-family  
21 residential property for thirty years, in an amount not  
22 to exceed forty thousand dollars (\$40,000), or such  
23 larger amount as the department may permit by regulation,  
24 subject to the same requirements set forth in clause (B);  
25 or

26 (D) ninety-five percent of the value for thirty  
27 years, if that principal portion of the loan in excess of  
28 seventy-five percent of the value is made in reliance  
29 upon a private company mortgage insurance or guarantee  
30 acceptable to the Department of Banking, subject to the

1 same requirements set forth in clause (B); or

2 (ii) in the case of unimproved real estate to be acquired  
3 or developed with the proceeds of the loan:

4 (A) ~~{one-half}~~ two-thirds of the value for three  
5 years, or

6 (B) ~~{two-thirds}~~ three-fourths of the value for  
7 ~~{three}~~ five years, when utilities, roads or streets  
8 necessary for the development of such real estate have  
9 been completed.

10 \* \* \*

11 Section 2. Subsection (e) of section 310 of the act, amended  
12 in part November 27, 1968 (P.L. 1104, No. 345), is amended to  
13 read:

14 Section 310. Real Estate Loans

15 \* \* \*

16 (e) Excepted loans--The restrictions and requirements of this  
17 section shall not apply to:

18 (i) a loan guaranteed at least to the extent of twenty  
19 percent thereof, or for which a written commitment for such  
20 guarantee has been issued, by the Veterans Administration  
21 pursuant to the Veterans' Benefits Act:

22 (ii) a loan insured, or for which a written commitment to  
23 insure has been issued, pursuant to national housing  
24 legislation;

25 (iii) a loan insured, or for which a written commitment  
26 to insure has been issued, by the Farmers Home Administration  
27 pursuant to the Consolidated Farmers Home Administration Act;

28 (iv) a loan made pursuant to the Small Business Act;

29 (v) an investment security acquired pursuant to section  
30 307; or

1 (vi) a loan in connection with which the institution  
2 takes a real estate lien as security in the exercise of  
3 banking prudence but as to which it is relying for repayment  
4 on:

5 (A) the general credit of the obligor or of an  
6 installment buyer or of a lessee of the real estate,

7 (B) collateral other than the real estate lien,

8 (C) a guaranty, or an agreement to take over or  
9 purchase the loan in the event of default, by a  
10 financially responsible person other than a person  
11 engaged in the business of guaranteeing real estate  
12 loans, or

13 (D) an agreement by a financially responsible person  
14 to take over or purchase the loan, or to provide funds  
15 for payment thereof, within a period of ~~three~~ five  
16 years from the date of the loan and there is a  
17 certificate of reliance setting forth the applicable  
18 facts.

19 \* \* \*

20 Section 3. Subsection (d) of section 311 of the act, amended  
21 July 23, 1970 (P.L.597, No.199), is amended by adding a clause  
22 to read:

23 Section 311. Transactions With Respect to Shares of Corporate  
24 Stock and Capital Securities

25 \* \* \*

26 (d) Ownership--An institution may acquire and hold:

27 \* \* \*

28 (vi) shares of stock of a corporation organized to  
29 promote the public welfare and community development, expand  
30 the economy or provide for social reform, subject to

1 regulation by the department.

2 \* \* \*

3 Section 4. The section heading and subsections (a) and (e)  
4 of section 316 of the act, added November 27, 1968 (P.L.1104,  
5 No.345), are amended to read:

6 Section 316. Authorizing Certain Loans for Commercial,  
7 Business, Professional Agricultural or Nonprofit  
8 Purposes Including Revolving Credit  
9 Plans

10 (a) Maximum rate--An institution may make a charge for an  
11 installment loan which complies with the requirements of this  
12 section at a rate not in excess of five dollars (\$5) per one  
13 hundred dollars (\$100) per annum computed on the original  
14 principal amount for the period of the loan. If such loan is one  
15 of a series of loans under an agreement ("revolving credit  
16 plan") providing a maximum outstanding balance of all such loans  
17 at any time, the institution may make a charge at a rate not in  
18 excess of three-fourths of one percent per month on the actual  
19 outstanding balance of the loan.

20 \* \* \*

21 (e) Installments--The total amount payable on the loan shall  
22 be payable in installments ~~[of substantially equal amounts]~~ at  
23 substantially equal intervals of not more than ~~[six months]~~ one  
24 year each.

25 \* \* \*

26 Section 5. Clause (c) of section 502 of the act is amended  
27 to read:

28 Section 502. Additional Powers Related to Conduct of Business  
29 of Savings Banks

30 A savings bank shall have, in addition to other powers



1 granted by this act or its articles and subject to the  
2 limitations and restrictions contained in this act or in its  
3 articles:

4 \* \* \*

5 (c) Trusts for self-employed individuals--The power to act  
6 as trustee of funds or contributions received under a trust  
7 instrument conforming with the requirements of the Self-employed  
8 Individuals Tax Retirement Act and regulations thereunder and to  
9 invest such funds or contributions only in interest-bearing  
10 deposits in the savings bank ~~(in accounts fully insured by~~  
11 ~~federal deposit insurance]~~

12 \* \* \*

13 Section 6. Subsection (b) of section 504 of the act, amended  
14 November 27, 1968 (P.L. 1104, No. 345), is amended by adding  
15 clause to read:

16 Section 504. Investments

17 \* \* \*

18 (b) Authority under this act or other statutes--Except as  
19 otherwise provided in its articles, a savings bank may, in  
20 addition to investments authorized by its articles, other  
21 provisions of this act or other statutes, make investments in:

22 \* \* \*

23 (x) corporations formed to promote the public welfare and  
24 community development, expand the economy and provide for  
25 social reform, subject to regulation by the department.

26 \* \* \*

27 Section 7. Subsections (a) and (e) of section 505 of the act  
28 are amended to read:

29 Section 505. Real Estate Loans

30 (a) Permissible loans; maximum amount and term--A savings

1 bank may, subject to the requirements of this section, make or  
2 acquire a loan secured by a lien on real estate (including a  
3 leasehold) located in any state or the District of Columbia, in  
4 a dependency or insular possession of the United States or in  
5 the Commonwealth of Puerto Rico, in an amount and for a term not  
6 to exceed:

7 (i) in the case of improved real estate, including farm  
8 land:

9 (A) two-thirds of the value for ten years ~~for~~, if  
10 unamortized; or

11 (B) four-fifths of the value for thirty years, if the  
12 terms of the loan require payments which are  
13 substantially equal except for the last payment at  
14 successive intervals of not more than one year each and  
15 in an amount sufficient to pay all principal of and  
16 interest on the loan within thirty years, except that the  
17 date of the initial payment on a loan to a commercial or  
18 industrial borrower may be deferred for a period not in  
19 excess of three years from the date of the loan; or

20 (C) ninety percent of the value of a one family  
21 residential property for thirty years, in an amount not  
22 to exceed forty thousand dollars (\$40,000), unless the  
23 department by regulation approves the granting of loans  
24 under this subsection in greater amounts, subject to the  
25 same requirements set forth in clause (B); or

26 (D) ninety-five percent of the value for thirty  
27 years, if that portion of the loan in excess of  
28 seventy-five percent of the value is made in reliance  
29 upon a private company mortgage insurance or guarantee  
30 acceptable to the Department of Banking, subject to the

1 same requirements set forth in clause (B); or  
2 (ii) in the case of unimproved real estate to be acquired  
3 or developed with the proceeds of the loan:

4 (A) ~~one-half~~ two-thirds of the value for three  
5 years, or

6 (B) ~~two-thirds~~ three-fourths of the value for  
7 ~~three~~ five years, when utilities, roads or streets  
8 necessary for the development of such real estate have  
9 been completed.

10 \* \* \*

11 (e) Excepted loans--The restrictions and requirements of this  
12 section shall not apply to:

13 (i) a loan secured by a lien on a dwelling for not more  
14 than four families, guaranteed at least to the extent of  
15 twenty percent thereof, or for which a written commitment for  
16 such guarantee has been issued, by the Veterans  
17 Administration pursuant to the Veterans' Benefits Act,

18 (ii) a loan secured by a lien on business property,  
19 guaranteed at least to the extent of one-third thereof, or  
20 for which a written commitment for such guarantee has been  
21 issued, by the Veterans Administration pursuant to the  
22 Veterans' Benefits Act,

23 (iii) a loan insured, or for which a written commitment  
24 to insure has been issued, pursuant to national housing  
25 legislation,

26 (iv) a loan insured, or for which a written commitment to  
27 insure has been issued, by the Farmers Home Administration  
28 pursuant to the Consolidated Farmers Home Administration Act,

29 (v) an investment security, or

30 (vi) a loan which the savings bank is authorized to make

1 and in connection with which it takes a real estate lien as  
2 security in the exercise of prudence but as to which it is  
3 relying for repayment on:

4 (A) the general credit of the obligor or of an  
5 installment buyer or of a lessee of the real estate,

6 (B) collateral other than the real estate lien,

7 (C) a guaranty, or an agreement to take over or  
8 purchase the loan in the event of default, by a  
9 financially responsible person other than a person  
10 engaged in the business of guaranteeing real estate  
11 loans, or

12 (D) an agreement by a financially responsible person  
13 to take over or purchase the loan, or to provide funds  
14 for payment thereof, within a period of ~~three~~ five  
15 years from the date of the loan  
16 and there is a certificate of reliance setting forth the  
17 applicable facts.

18 Section 8. Subsection (a) of section 506 of the act, amended  
19 November 27, 1968 (P.L.1104, No.345), is amended to read:

20 Section 506. Lending Powers; Direct Leasing of Personal  
21 Property

22 (a) A savings bank may:

23 (i) make loans for a period not in excess of ninety days  
24 on the collateral security of property in which the savings  
25 bank is authorized to invest, in an amount which shall not at  
26 any time exceed ninety percent of the market value of the  
27 collateral;

28 (ii) make loans for repair, alteration or improvement of  
29 real estate or for the purpose of mobile home financing which  
30 are insured, or for which a written commitment to insure has



1     been issued, pursuant to national housing legislation,  
2     subject to a limitation for the aggregate amount of such  
3     loans of five percent of the total assets of the savings  
4     bank;

5           (iii) make loans secured by at least an equal amount of  
6     deposits of the borrower in the savings bank or of cash  
7     surrender value of life insurance;

8           (iv) make loans to borrowers who are engaged in  
9     commercial, industrial or financial enterprises or who are  
10    nonprofit corporations or associations for terms not less  
11    than ten years--subject to the prudent man rule of section  
12    504 (c) of this act; and

13          (v) enter into transactions with a member or nonmember  
14    bank for the purpose of selling reserve balances of the  
15    savings bank to such banks without limitation  
16    but may not lend money or discount or purchase evidences of  
17    indebtedness or agreements for the payment of money except as  
18    provided in sections 504 and 505 and in this subsection (a).

19       \* \* \*

20       Section 9. Subsection (b) of section 1103 of the act is  
21    amended to read:

22    Section 1103. Surplus

23       \* \* \*

24       (b) If the surplus of an institution is at any time less  
25    than the amount of its capital, the institution shall, until  
26    surplus is equal to such amount, transfer to surplus an amount  
27    which is at least ten percent of the net earnings of the  
28    institution for the period since the end of the last fiscal year  
29    or for any shorter period since the last declaration of a  
30    dividend:

1 (i) prior to the declaration of any dividend, and

2 (ii) in any event, at the end of each fiscal year except  
3 that if surplus is less than fifty percent of the amount of  
4 capital, no dividend may be declared or paid without the  
5 prior approval of the department until surplus is equal to  
6 fifty percent of the amount of capital.

7 Section 10. This act shall take effect immediately.



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

Monday, October 22, 1973

FOR RELEASE: 3:00 P.M.

Harrisburg, Pa. - In response to numerous inquiries, Secretary of Banking Carl K. Dellmuth has taken issue with the proposal made last week by Secretary of the Treasury Schultz that the present 5 1/2% ceiling on U. S. Savings Bonds be removed and the Treasury be permitted "upward flexibility" in setting the rate.

Secretary Dellmuth has long felt that the Treasury should give serious consideration to withdrawing entirely from the savings bond market. With institutions of all types paying the highest rates in modern history on savings deposits, the Treasury should give serious consideration to the route taken by the Post Office Department a number of years ago when it closed out its Postal Savings program on the grounds that the operation was a usurpation of a role that should be handled by the private sector of our economy.

Financial institutions everywhere are already very much aware of the role played by Treasury bills in the July-August rounds of disintermediation that drew down savings balances in banks, savings and loans, and mutual savings banks. And, Dellmuth said, for the Treasury at this moment to suggest an upward floating rate on U. S. Savings Bonds would invite the specter of even more serious withdrawals from every financial institution in the Nation. This suggestion comes at a time

- more -





NEWS RELEASE - "In response to"

when various supervisory agencies at the request of Congress have just placed a ceiling on the so-called "wild cards", or savings accounts of \$1,000 or more for four years that had no ceiling rate. By contrast, he remarked, U. S. Savings Bonds start with low denominations and with only a modest penalty for early redemption. Coupled to an escalating rate structure, this could cause disastrous withdrawals especially for small institutions, Dellmuth warned.

The plea that the U. S. Savings Bonds program places a substantial portion of the National debt in the hands of the public - some \$60-billion, held by 30-million savers - was countered by Dellmuth with the observation that banks and financial institutions are the Nation's largest purchasers of government securities. According to the Banking Secretary it would be much more in line with economic reality to allow banks and the savings and loans to satisfy the savings needs of the general public.

Savings Bonds held by the public should be allowed to run off gradually, with the resulting monies flowing back just as gradually to thrift institutions (savings and loans and mutual savings banks) and commercial banks.

##





P B 1. 11/78  
Dec 7, 73  
c 2

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
P. O. BOX 2153  
HARRISBURG, PA. 17120

Carl K. Dellmuth  
Secretary of Banking

\* P R E S S   R E L E A S E \*

FOR RELEASE BEGINNING FRIDAY, DECEMBER 7, 1973

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of State chartered banking institutions as of October 17, 1973.

Total resources of Pennsylvania's State chartered banks reached an all time high of \$25,694,885,142 on October 17, 1973 and reflect an increase of \$2,886,935,012 (12.7%) compared to October 10, 1972.

Increases of \$1,655,093,833 in deposits and \$257,701,150 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$2,218,020,555 in loans and \$582,912,082 in investments.

Total resources of State chartered commercial banks are distributed as follows: Loans and discounts 64.2%, securities 23.1%, cash and due from banks 8.5% and all other resources 4.2%. The ratio of total capital accounts to deposits is 10.1%. The total capital to total resources ratio is 7.9%.

During this period, the number of branches increased from 883 to 966 and total banking offices from 1054 to 1133.

JAN 7 1974

PENNSYLVANIA STATE LIBRARY  
DOCUMENTED







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

*Dec 1973*

FOR RELEASE IMMEDIATE RELEASE

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, confirmed that the merger of the \$337,000 Matamoras Loan and Building Association, Matamoras, Pennsylvania, into the \$9-million Northeast Savings and Loan Association, Honesdale, had become effective as of January 2, 1976, to create an association with combined assets of nearly \$9.4-million.

Walter L. Brenneman, director of the Savings Association Bureau of the Department, said that this merger marks the second uninsured association to join with the Honesdale unit. The Director commented that this combining of uninsured associations into insured associations carries forward the Department's objective of eventually having the deposits of all Pennsylvania-chartered associations insured.

Northeast Savings and Loan, formerly the Honesdale Savings and Loan, became insured on December 18, 1973. It merged the uninsured \$745,000 Hawley Building and Loan Association, Hawley, and changed its name to Northeast Savings and Loan on January 2, 1975 to become a \$6.5-million association, up from \$5.8-million.

J. Horace Flora is chairman of the board of Northeast Savings and Loan, and John Kreitner is president, while Thomas A. Noble is secretary.





# DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

12:00 NOON

FOR RELEASE January 23, 1974

Harrisburg - Statewide branching permissiveness for Pennsylvania banks and savings and loans received the unanimous approval of the 10-man Senate Banking Committee yesterday (Tuesday, January 22).

Carl K. Dellmuth, Pennsylvania Secretary of Banking, hailed the advancement of Senate Bills #554 and #555 to the floor of the Senate as an initial step in the drive to give Pennsylvania financial institutions parity with the rights held by financial institutions in most neighboring states. Since taking office early last year, Secretary Dellmuth has worked hard to bring statewide branching privileges to Pennsylvania banks and savings and loans. Indications are that the bills may come up for a vote in the near future.

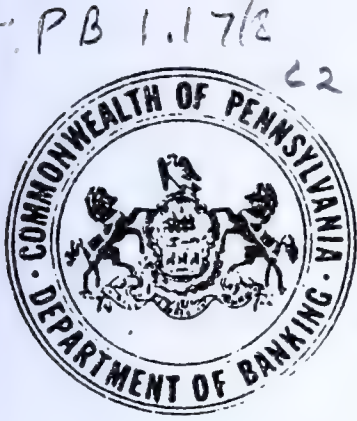
Senate Bill #555 would permit commercial banks and mutual savings banks to operate statewide. This bill also permits the creation of multi-bank holding companies, previously forbidden in Pennsylvania. Senate Bill #554 extends statewide branching privileges to savings and loans.

Bank mergers and de novo branching would still be under the strict supervision of Federal and State regulatory authorities, including the Anti-Trust Division of the U. S. Justice Department, which in recent years has virtually frozen any extensive expansion by major metropolitan banks in any of the states.

Banking Committee action on the bills giving statewide permissiveness follows in the wake of six hearings held by the Banking Committee in various parts of the state at which it was developed that liberalization of the Pennsylvania banking law had the broad support of consumers, labor and a wide segment of the banking and savings and loan industries representing institutions of all sizes.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

FOR RELEASE January 30, 1974

Harrisburg - Pennsylvania Secretary of Banking Carl K. Dellmuth, commenting on the newly passed flexible mortgage rate bill, stated that while it is not perfect in every detail, the measure does represent a significant improvement over the previous rigid law that strangled the mortgage business and the home building industry in Pennsylvania since its passage last July.

According to Secretary Dellmuth, the new law, that will allow the mortgage rate to float with the long term Government bond rate, combined with the Department's previously passed bill permitting state-chartered banks to make 95% mortgages for up to 30-years, hopefully will buoy up the mortgage market in Pennsylvania. The Department's measure, House Bill #255, was signed into law last September, but its full affect has not developed because of the 8% mortgage rate ceiling as mandated by the former rigid mortgage rate law.

Under the new law, the Secretary of Banking will each month set the mortgage rate ceiling for mortgages under \$50,000 by adding 2 1/2 percentage points to the yield on long term Government bonds, as published in the monthly Federal Reserve Bulletin. The rate, which will represent a two-month lag, will be published monthly in the Pennsylvania Bulletin, and will be made public through the news media. Based on the latest computations the ceiling now will be 8 3/4% on mortgage loans under \$50,000.



NEWS RELEASE "Pennsylvania Secretary of Banking"

January 30, 1974

The Department also is pleased that Senate Bill No. 1255 as enacted contains a feature permitting State banks to charge interest rates on loans equal to National banks, a disparity which the Department has sought to correct. This anomaly had only developed with the general escalation of interest rate levels.

Secretary Dellmuth sees the solution of the mortgage problem as only an initial step in the needed general overhaul of the State's usury law, portions of which date back to 1858.

#







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

Jan 94

FOR RELEASE

Harrisburg - Calling 1973 a year of "consumerism, communication and concern", Pennsylvania Secretary of Banking Carl K. Dellmuth, in the Department's Annual Report, added that "it has been a year of ferment in financial circles, probably not equaled since the 'bank holiday' of the '30s."

In his forward, the Banking Secretary at the same time commented that "Looking ahead to the banking challenges of 1974, the only certainty is that of uncertainty. At the same time, bankers as individuals and banks as institutions are probably better than ever prepared to face changing economic tides."

He added "most importantly, the strong possibility that statewide banking may soon become a reality should serve as a strong stimulant generally to all sectors of finance in Pennsylvania."

In the pamphlet report, the first issued by the Department in over a decade, in the areas of consumerism, attention was called to the promulgation of new antidiscrimination regulations, and to the expansion of facilities for handling consumer complaints and inquiries.

In addition, the Department has recognized the need for improved communication by inaugurating a public information function that aims not only to keep banks and other financial institutions informed on Department policy, but also to provide a clear avenue of direct contact with the public.



The Department is divided into three Bureaus - Banking Bureau, Savings Association Bureau and Consumer Credit Bureau. In the Banking Bureau portion in the Annual Report, comments are on trends in branch banking, on housekeeping legislation enacted during the year, recent additions to the roster of State chartered banks, and the departmental reorganization that became effective the beginning of 1974. As a result of the reorganization the Banking Bureau now is made up of four sections - (1) Statistics and Research, (2) Consumer Affairs, (3) Professional Practice, and (4) Review.

The Savings Association Bureau portion of the Annual Report notes associations in the State, in common with institutions throughout the nation, suffered from a heavy outflow of savings, which in Pennsylvania was complicated by an unrealistic rate ceiling on home mortgages. Withdrawal slackened by year end, but at the price of sharply higher returns paid savers. The Savings Association Bureau in addition "has been moving forward with a carefully thought out plan to produce stronger associations through merging of small, part-time uninsured associations into full-time, insured associations."

The Consumer Credit Bureau continues its objectives of protecting borrowers who borrow small amounts with or without security, continues to secure the rights of the installment buyers of motor vehicles, continues to safeguard the shareholders of State-chartered credit unions, and continues its role of ascertaining the financial responsibility of licensees, particularly those financed by debt obligations sold to the public.





Indicative of its activist role, the Banking Department as an important organ of State government has taken policy positions involving the future character of banking in the nation. Thus, the Department has joined with Banking departments of other states in opposing the Federal Reserve's contention that the Board of Governors of the Federal Reserve System be allowed to set the reserve requirements of all banks, be they State or Federally chartered.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

February 7, 1974

FOR RELEASE: IMMEDIATE

Harrisburg -- Secretary of Banking Carl K. Dellmuth at the request of Pennsylvania Governor Milton J. Shapp has asked lenders in the State to aid the troubled independent truckers by allowing them a possible three month moratorium on their debts.

Secretary Dellmuth explained that the accommodation is being asked for truckers so that they can ride out the readjustment of fuel costs and be able to resume payments on their borrowings when freight rates have been adjusted to reflect the truckers' increased costs.

He joined with Governor Shapp in pointing out that such an adjustment is crucial in preserving the integrity of the vital trucking link in the State's and the Nation's transportation network.

Truckers are extensive users of credit and their continued economic health is important to the communities which they serve, Secretary Dellmuth stated, adding that all realize that for many areas throughout the State truckers operate the only freight transportation available. The current shutdown and/or curtailment of local industries has made this quite clear.

Should any individual financial institution find it difficult to carry out this request they should immediately contact the Banking Department or other supervisory agencies for guidance. The Secretary of Banking made clear that it is imperative that no trucking operation be closed down over credit difficulties.





B 1.17/8:2/18/74



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 9:00 A. M.

FOR RELEASE February 18, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, today (Monday, February 18) announced that the ceiling rate on home mortgages in Pennsylvania for the month of March had been set at 9%. Notice of the monthly rate has been published as required in the Pennsylvania Bulletin, dated February 16, and delivered to subscribers on February 18.

The Secretary of Banking, under recently enacted legislation, is required by the 20th of each month to set the home mortgage rate ceiling for the following month on mortgages of \$50,000 or less. Upon enactment of the statute, Senate Bill #1255, the Secretary set the ceiling rate for February at 8 3/4%.

As provided in the bill, the rate is set by adding 2 1/2 percentage points to the long term government bond rate of two months ago and rounding off to the nearest quarter of one percent. Thus, the March ceiling was set by adding 2.50% to the 6.56% January rate for long term government bonds, which gives a figure of 9.06%. Rounding off, this produces the 9% ceiling rate.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE

FOR RELEASE MARCH 4, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, announced that Peter C. Zimmerman has joined the Department as Research Coordinator to head the Department's newly created Statistics and Research Section.

At the same time, Secretary Dellmuth announced the appointment of Norman E. Oelschlegel as Assistant Director on the staff of the Banking Bureau, with duties of supervision of all State banks in the North Central and Northeastern areas, making up 24 counties of the State.

Zimmerman joins the Department from being management auditor with the Ohio University, Athens, Ohio, where he earned his Master of Business Administration Degree in Finance in 1971. Zimmerman received his BA in Business Administration from Gettysburg College, Gettysburg, Pennsylvania, in 1968. While at Ohio University, he also served as plant fund accountant and auxiliary accountant in the Controller's Office. Also at Ohio University he held the posts of Director of Scholarships and Grants and Director of Student Loans in the Financial Aids Office, as well as being Director of Student Employment in the same office.

With the Banking Department, in heading the Statistics and Research Section, Zimmerman will develop data and special studies to aid





legislation, regulation and other decision making. Joseph Dickerson has been designated Assistant Section Head.

Oelschlegel joined the Banking Department in 1959 and has successfully served in every Bank Examiner class prior to his transfer and assignment to the Department's headquarters in Harrisburg. He received his BS Degree from LaSalle College, Philadelphia, and his Master of Business Administration Degree from Temple University. Oelschlegel is a recent graduate of the Stonier Graduate School of Banking, sponsored by the American Bankers Association at Rutgers University, New Brunswick, New Jersey.

In his new post, Oelschlegel is one of the two Assistant Directors of the Banking Bureau serving under William J. Beatty, Director of the Bureau.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE <sup>Beginning</sup> A.M. March 6, 1974

Secretary of Banking Carl K. Dellmuth today released the consolidated statement of all State-chartered banking institutions as of December 31, 1973 compared with December 31, 1972.

Pennsylvania State-chartered institutions recorded substantial gains in resources in 1973. Total resources reflect an all time high of \$26,628,104,288, an increase of \$2,951,024,478 or 12.5%. Net operating earnings were \$275,125,295, an increase of \$47,180,685 or 20.7%.

During this period, the number of branches increased from 897 to 978 and total banking offices from 1,067 to 1,145. Mergers of six National banks into State banks and two State banks with other State banks were approved. One National bank converted to a State-chartered bank. A State bank consolidated with a National bank and entered the State system under a new charter.

Attention is directed to the appended consolidated statement and compilations of important ratios.





DISTRIBUTION OF ASSETS  
STATE-CHARTERED COMMERCIAL BANKS

State  
Average

As a Percentage of Total Assets:

Cash Assets	10.9%
Investment Securities	22.7%
Loans and Discounts (Including Federal Funds Sold)	62.4%
Real Estate Assets	1.1%
Other Assets	2.9%
	<u>100.0%</u>

Total Capital Accounts as a Percentage of:

Total Assets	7.6%
Total Assets Less U. S. Government Securities and Cash Assets	9.2%
Total Deposits	9.5%

Percentage of:

Time and Savings Deposits to Total Deposits	60.5%
---	-------

EARNINGS RATIOS OF COMMERCIAL BANKS ACCORDING TO ASSET SIZE

	Under \$10,000M	\$10,000M to \$25,000M	\$25,000M to \$100,000M	\$100,000M to \$250,000M	Over \$250,000M
Net Operating Earnings to Average Total Assets	1.35%	1.22%	1.16%	1.10%	1.19%
Net Income After Related Taxes to Average Total Assets	1.05%	.97%	.95%	.98%	.96%
Net Income After Related Taxes to Average Total Capital Accounts	8.39%	11.86%	11.54%	11.11%	12.57%
Dividends to Average Total Capital Accounts	1.73%	2.73%	3.44%	4.27%	6.61%
Income on Loans to Average Loans	6.02%	7.31%	7.05%	7.26%	8.62%
Interest and Dividends on Securities to Average Securities	4.86%	5.91%	4.87%	5.19%	5.04%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	3.63%	4.56%	4.58%	4.81%	5.88%

EARNINGS RATIOS ALL STATE COMMERCIAL BANKS

	<u>1972</u>	<u>1973</u>
Net Operating Earnings to Average Total Assets	1.08%	1.18%
Net Income After Related Taxes to Average Total Assets	.90%	.96%
Net Income After Related Taxes to Average Total Capital Accounts	11.62%	12.21%
Dividends to Average Total Capital Accounts	5.33%	5.64%
Income on Loans to Average Loans	6.91%	8.22%
Interest and Dividends on Securities to Average Securities	4.85%	5.04%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	4.58%	5.44%



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	December 31, 1973	December 31, 1972	Increase+ Decrease-
<b>RESOURCES</b>			
Cash, Due from Banks, etc.	\$ 2,290,399,028	\$ 1,935,414,136	\$ 354,984,892+
U.S. Government Obligations			
Direct and Guaranteed	1,793,678,686	1,983,100,678	189,421,992-
Obligations of States and			
Political Subdivisions	2,596,872,882	2,349,971,885	246,900,997+
Other Bonds, Notes, Debentures			
and Corporate Stocks	2,521,498,829	2,331,627,576	189,871,253+
Federal Funds Sold	593,847,868	419,125,000	174,722,868+
Loans and Discounts	15,884,522,723	13,854,074,531	2,030,448,192+
Bank Premises & Furn. & Fixt.	265,471,032	258,972,125	6,498,907+
Other Real Estate	19,588,866	14,967,125	4,621,741+
Other Resources	662,224,374	529,796,751	132,427,620+
<b>Total Resources</b>	<b>\$26,628,104,288</b>	<b>\$23,677,079,810</b>	<b>\$2,951,024,478+</b>
<b>LIABILITIES</b>			
Demand Deposits	\$ 6,327,661,668	\$ 6,223,889,680	\$ 103,771,988+
Time and Savings Deposits	15,853,602,685	14,027,375,551	1,826,227,134+
Federal Funds Purchased	1,113,105,534	633,315,024	479,790,510+
Borrowed Money	243,136,793	139,170,837	103,965,956+
Other Liabilities	955,861,272	765,184,126	190,677,146+
<b>Total Liabilities</b>	<b>\$24,493,367,952</b>	<b>\$21,788,935,218</b>	<b>\$2,704,432,734+</b>
<b>RESERVES ON LOANS AND SECURITIES</b>	<b>\$ 184,985,501</b>	<b>\$ 165,703,179</b>	<b>\$ 19,282,322+</b>
<b>MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES</b>	<b>\$ 877,344</b>	<b>\$ 1,742,540</b>	<b>\$ 865,196-</b>
<b>CAPITAL ACCOUNTS</b>			
Capital Securities	\$ 262,070,930	\$ 222,478,830	\$ 39,592,100+
Capital Stock	331,280,815	246,671,933	84,608,882+
Net Worth of Private Banks	2,897,960	2,686,233	211,727+
Surplus	987,795,566	924,329,959	63,465,607+
Undivided Profits	351,367,966	315,384,087	35,983,879+
Reserves	13,460,254	9,147,831	4,312,423+
<b>Total Capital Accounts</b>	<b>\$ 1,948,873,491</b>	<b>\$ 1,720,698,873</b>	<b>\$ 228,174,618+</b>
<b>Total Liabilities, Reserves and Capital Accounts</b>	<b>\$26,628,104,288</b>	<b>\$23,677,079,810</b>	<b>\$2,951,024,478+</b>
<b>RESOURCES (By type of institution)</b>			
Banks	\$ 1,177,098,158	\$ 1,055,117,791	\$ 121,980,367+
Bank and Trust Companies	18,591,265,480	16,261,028,131	2,330,237,349+
Trust Companies	8,605,635	8,341,839	263,796+
Savings Banks	6,816,350,483	6,316,500,376	499,850,107+
Private Banks	34,784,532	36,091,673	1,307,141-
<b>Total Resources</b>	<b>\$26,628,104,288</b>	<b>\$23,677,079,810</b>	<b>\$2,951,024,478+</b>
<b>TRUST FUNDS</b>	<b>\$10,090,159,590</b>	<b>\$ 9,081,983,012</b>	<b>\$1,008,176,578+</b>
<b>TOTAL DEPOSITS</b>	<b>\$22,181,264,353</b>	<b>\$20,251,265,231</b>	<b>\$1,929,999,122+</b>
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>	<b>Institutions</b>	<b>Operating Branch Offices</b>	<b>Operating Institutions</b>
Banks	63	69	66
Bank and Trust Companies	89	780	89
Trust Companies	2	0	2
Savings Banks	8	127	8
Private Banks	5	2	5
	<u>167</u>	<u>978</u>	<u>170</u>
			<u>897</u>







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 5:00 P. M.

FOR RELEASE March 14, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, applauded the reduction in State business taxes achieved in the recently enacted tax reduction package, while at the same time deploring the failure to grant comparable tax relief to the Commonwealth's banks and thrift institutions. However, the Secretary expressed hope that tax relief would be provided by the General Assembly later this year.

Commenting on the fact that the banks and thrift institutions were the only segment of the business community not accorded some tax reduction, Secretary Dellmuth called attention to the fact that in the span 1958 to 1973 when the corporate net income tax (CNI) increased 83%, the bank shares tax surged upward 275% and the thrift institution levy jumped to 11 1/2%.

Thus, in the last two years, Secretary Dellmuth noted these financial institutions received no reduction in taxes, while the corporate income tax was pared to 11% from 12% in 1973 and the latest reduction is to 9 1/2% from 11%.

- more -



As the Secretary outlined in the Banking Department 1973 Annual Report, an "important concern of the Department has been fairer tax treatment for financial institutions -- whenever a reduction in general business taxes is considered, it is no more than fair that there be a proportionate reduction in the bank shares tax and commensurate reduction in the levies on thrift institutions.

"There is a tendency in some quarters to give financial institutions short shrift in weighing tax alternatives. The argument plainly put has been that banks cannot leave the State and that they employ a relatively few people. This is a short-sighted view. Capital moves across State boundaries. To make conditions unfair for Pennsylvania, generated capital will not only drive it elsewhere but serve to limit the inflow of capital into Pennsylvania. This negative approach of refusing equitable tax treatment to financial institutions in Pennsylvania contradicts the objectives of attracting new enterprise to the State. To shackle banks is ultimately to shackle business. The interdependence of banking and business is a fact of economic life that cannot be ignored."

Governor Milton J. Shapp has agreed with this view and has frequently reiterated this stand in meetings with the financial and political leaders of the Commonwealth. A proposal by the Governor for a 5% rebate on all business taxes which would have provided some relief to banks and thrift institutions was not enacted by the General Assembly.





PC 1.171813/18/970



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE

9:00 A. M.

March 18, 1974

Harrisburg - The April ceiling rate on home mortgages for \$50,000 or less will hold at 9%, it was announced today by Carl K. Dellmuth, Pennsylvania Secretary of Banking. This figure is identical with the ceiling rate that has prevailed in March.

Notice of the ceiling rate for April has been published in the Pennsylvania Bulletin, dated March 16, and delivered to subscribers on March 18th.

The Secretary of Banking, as directed by legislation enacted earlier this year, is required by the 20th of each month to set the home mortgage rate ceiling for the following month on mortgages of \$50,000 or less. This rate is computed by adding 2 1/2 percentage points to the long term government bond rate of two months ago and rounding off to the nearest quarter of one percent. The ceiling rate for April was set by adding 2.50% to the 6.54% February rate for long term government bonds, which gives a figure of 9.04%, that rounded off becomes 9%.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 SATURDAY-and Week-end Real Estate Sections FOR RELEASE March 23, 1974

Harrisburg - Pennsylvania Secretary of Banking Carl K. Dellmuth today promulgated regulations governing residential real estate transactions in the Commonwealth as required under the recently enacted usury law.

In broad context, these regulations clarify disclosure procedures and requirements in the purchase of residential real estate, while providing additional protective features for homeowners in the event of foreclosure proceedings.

Secretary Dellmuth stated that the regulations being issued by the Department have been prepared following the solicitation of comment from all sectors of the mortgage lending, home financing, real estate and home building industries, as well as from knowledgeable attorneys, consumer groups, and others.

Calling on all to "greet the new Act and regulations in a spirit of cooperation," the Banking Secretary said "While the regulations may not be perfect in every detail, the Department stands ready at all times to modify them when convincing evidence of hardship or unforeseen problems is disclosed."

These regulations are the "cutting edge" of the new usury law that earlier this year set a flexible interest ceiling on home mortgages of \$50,000 or under for home buyers in Pennsylvania. At the time the law was enacted it was hailed as providing extensive protective features for home buyers and home owners, as well as giving the Commonwealth the first flexible mortgage interest ceiling in the nation.

- more -





As stated in the preamble of the new regulations, their purpose includes assurance that those seeking residential mortgage credit are "given meaningful information with respect to the cost of that credit at a rate of interest reasonably related to market conditions. Relevant credit information must be disclosed so that the borrower may readily compare the various credit terms available to him from various credit sources and avoid the uninformed use of credit."

As part of this philosophy of clear disclosure to the home buyer of all pertinent information he needs in purchasing a home, the new regulations define actual settlement costs so there should be no misunderstandings. It also is required that the disclosure material be placed in the hands of the buyer five business days before the loan settlement.

Secretary Dellmuth, in recognition that much of this procedure represents the breaking of new ground, has seen that the regulations provide that institutions involved may develop their own forms as required, although sample documentation is provided with the new regulations. Here, as in other areas, the Secretary emphasized that the regulations will continue to be subject to the testing of the market place and constructive criticism as to their actual operation is most welcome.

Representative of the Banking Department's readiness to adapt the regulations to meet the needs of both borrower and lender is the fact that the regulations as issued include substantial modifications and improvements from the preliminary draft first issued for public comment some months ago.



Some of these modifications include clarifying the definition of a residential mortgage, further development of the concept of the mortgage commitment, and the addition of a sample disclosure form. In the consumer aspect of the regulations, changes include exemption from provisions of the Act of the seller-resident who takes back a mortgage and also assure the homeowner against whom foreclosure is threatened, the ability to correct any default in the county in which his home is located.

##





1.17/8: 3/26/1974: c2



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE March 26, 1974

Harrisburg - The Pennsylvania Secretary of Banking, Carl K. Dellmuth, announced that to facilitate the transition to the new disclosure regulations governing mortgage settlements, the Department of Banking has promulgated a transitional regulation, enabling firms to disclose at settlement for those settlements being made on April 1 through April 9. This has been done because the new regulations going into effect March 31 leave insufficient time for the prescribed 5-day disclosure period.

##



1.17/8:4/15/974-12



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE

FOR RELEASE APRIL 15, 1974

### CORRECTED COPY

Harrisburg - The May ceiling on mortgage interest for residential mortgages under \$50,000 in Pennsylvania increased to 9 1/4% from 9% in April, it was announced by Carl K. Dellmuth, Secretary of Banking.

Since the flexible mortgage interest ceiling was legislated late in January, the Banking Secretary, as required by law, set the ceiling at 8 3/4% in February, and 9% for both March and April. As provided in the law, the Secretary of Banking computes the ceiling by adding 2.50% to the long term Government bond rate as issued by the Federal Reserve Board. The latest long term bond rate is 6.81% to which is added the 2.50% for a 9.31% figure. This is rounded off to the nearest quarter percent for the 9.25% ceiling in May.

##





3 1.17/1.08-1000



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE April 16, 1974

Harrisburg - Commenting on the First Pennsylvania Bank's announced plans to change to a National charter from its present State charter, Pennsylvania Secretary of Banking Carl K. Dellmuth stated that this action exemplifies "one of the unique features of the American banking system which is the freedom each bank has in choosing either a State or National charter."

Terming some of First Pennsylvania's stated reasons for the move "more apparent than real", Secretary Dellmuth added that the proposed change is in contrast to recent trends in Pennsylvania banking. The past few years have witnessed the conversion of several National banks to State charters. A conversion of this type was the switch earlier this year by the largest bank in the northeast quadrant of the Commonwealth to a State charter.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

FOR RELEASE MAY 10, 1974

Harrisburg - Assets of Pennsylvania State-chartered savings and loan associations increased by over \$2.3-billion to over \$4.8-billion in the span 1965 through 1973, while the number of associations supervised by the Savings Association Bureau declined to 388 from 608.

Walter L. Brenneman, Director of the Bureau, made these figures public in his report to Pennsylvania Secretary of Banking Carl K. Dellmuth. According to Director Brenneman, the decline in the number of units at a time when assets were increasing substantially, while also reflecting the Bureau's ongoing policy of encouraging the smallest associations to merge into larger associations, likewise is indicative of the industry judgment that larger units are more viable.

This statistical summary, covering not only the years 1965 through 1973, but also the year 1973 in detail, likewise discloses a similar decline in the number of uninsured associations in the years 1965-73. Thus, uninsured associations numbered 416 in 1965, compared with 224 at the close of 1973. In this regard, Director Brenneman noted that the Bureau over the years, where practical, has urged all associations to become members of the Federal Savings and Loan Insurance Corporation, (FSLIC).

- more -





May 10, 1974

In the analysis, which has been made public as soon as all closing figures were received, Director Brenneman disclosed that during 1973 total resources of State supervised associations increased by over half a billion dollars for a rise of 11.5% within the 12-months. In the same period, savings accounts climbed by more than \$360-million, an increase of 9.8%, to total over \$4-billion put aside by some 1.3-million savers. Mortgage loans within the year rose 11.8% or more than \$440-million to total over \$4.1-billion, covering over 290-thousand mortgages.

(Comparative Tables 1965 through 1973 attached)



PENNSYLVANIA STATE-CHARTERED  
SAVINGS AND LOAN ASSOCIATIONS

<u>YEAR</u>	<u>INSURED</u>		<u>UNINSURED</u>		<u>TOTAL</u>	
	<u>NO.</u>	<u>ASSETS</u>	<u>NO.</u>	<u>ASSETS</u>	<u>NO.</u>	<u>ASSETS</u>
1965	192	\$2,035,237,276	416	\$473,324,654	608	\$2,508,561,930
1966	190	\$2,102,953,312	403	\$473,220,731	593	\$2,576,174,043
1967	188	\$2,224,713,133	386	\$475,958,629	574	\$2,700,671,762
1968	186	\$2,501,035,487	365	\$345,315,860	551	\$2,846,351,347
1969	184	\$2,671,648,458	345	\$319,678,518	529	\$2,991,326,976
1970	178	\$2,895,558,690	321	\$305,635,631	499	\$3,201,194,321
1971	174	\$3,435,011,991	280	\$284,113,430	454	\$3,719,125,421
1972	171	\$4,044,002,963	260	\$285,099,444	431	\$4,329,102,407
1973	164	\$4,561,975,158	224	\$267,842,369	388	\$4,829,817,527

MORTGAGE LOANS

SAVINGS ACCOUNTS

<u>Number</u>		<u>Amount</u>	<u>Number</u>		<u>Amount</u>
1965	301,342	\$2,169,374,090	1,040,745		\$2,160,209,991
1966	300,856	2,244,353,087	1,122,447		2,225,685,637
1967	299,807	2,332,013,907	1,131,105		2,359,860,422
1968	298,890	2,463,680,552	1,138,773		2,469,824,179
1969	294,615	2,607,535,770	1,161,749		2,588,284,031
1970	288,801	2,748,024,646	1,180,282		2,747,443,857
1971	291,704	3,154,441,991	1,193,290		3,172,066,502
1972	305,256	3,726,467,938	1,249,727		3,694,956,209
1973	293,646	4,167,263,126	1,353,331		4,056,880,517







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

FOR RELEASE: MAY 13, 1974

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth expressed strong support for non-discrimination in a message to chief executive officers of all financial institutions under the supervision of the Banking Department. At the same time, he urged that all State-chartered institutions develop clear-cut non-discrimination policy statements for dissemination to employees and customers. (Copy attached.)

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

CARL K. DELLMUTH  
SECRETARY OF BANKING

May 13, 1974

TO THE CHIEF EXECUTIVE OFFICER:

At every level of government, there is great concern about all aspects of discrimination. As related to financial institutions, one special concern is to eliminate discrimination in lending.

The Pennsylvania Department of Banking strongly supports the doctrine that no institution should discriminate in extending credit on the basis of the race, color, religion, national origin or sex of the applicant.

As you are probably aware, the Banking Department has published proposed regulations prohibiting discrimination in institutions regulated by the Department. We are now considering the final form of these regulations along with the further step of recommending to the General Assembly legislation which would result in requiring non-discrimination by all classes of lenders, licensed or unlicensed.

Even before regulations are promulgated and the statute enacted, I urge all State-chartered institutions to develop clear cut non-discrimination policy statements for dissemination to employees and customers.

In support of this position, the Department is inviting the public to continue to write us about grievances concerning State-chartered financial institutions and licensees by addressing our Consumer Affairs Division, Department of Banking, P. O. Box 2155, Harrisburg, Pa. 17120. We will continue our present practice of mediating such complaints by employing the Department's supervisory authority to bring about a satisfactory solution to each problem.

I urge your cooperation in this effort.

*Carl K. Dellmuth*







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: MAY 13, 1974

Harrisburg - For June the mortgage interest ceiling has been set at 9 1/2% for residential mortgages under \$50,000, according to Carl K. Dellmuth, Pennsylvania Secretary of Banking. The May ceiling was 9 1/4%.

This ceiling is computed monthly as provided by legislation enacted in January. For February, the first month for which a computation was announced, the ceiling was 8 3/4%, while the ceiling in March and April held at 9%. The figure is derived by adding 2.50% to the long term Government bond rate as issued by the Federal Reserve Board. The latest long term bond rate is 7.04% to which has been added the 2.50% for a figure of 9.54%, which is rounded off to the nearest quarter to arrive at 9 1/2%.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

CARL K. DELLMUTH  
SECRETARY OF BANKING

May 13, 1974

TO THE CHIEF EXECUTIVE OFFICER:

At every level of government, there is great concern about all aspects of discrimination. As related to financial institutions, one special concern is to eliminate discrimination in lending.

The Pennsylvania Department of Banking strongly supports the doctrine that no institution should discriminate in extending credit on the basis of the race, color, religion, national origin or sex of the applicant.

As you are probably aware, the Banking Department has published proposed regulations prohibiting discrimination in institutions regulated by the Department. We are now considering the final form of these regulations along with the further step of recommending to the General Assembly legislation which would result in requiring non-discrimination by all classes of lenders, licensed or unlicensed.

Even before regulations are promulgated and the statute enacted, I urge all State-chartered institutions to develop clear cut non-discrimination policy statements for dissemination to employees and customers.

In support of this position, the Department is inviting the public to continue to write us about grievances concerning State-chartered financial institutions and licensees by addressing our Consumer Affairs Division, Department of Banking, P. O. Box 2155, Harrisburg, Pa. 17120. We will continue our present practice of mediating such complaints by employing the Department's supervisory authority to bring about a satisfactory solution to each problem.

I urge your cooperation in this effort.

*Carl K. Dellmuth*





1.17/8:5/13/1974:c 2



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE MAY 13, 1974

Harrisburg - For June the mortgage interest ceiling has been set at 9 1/2% for residential mortgages under \$50,000, according to Carl K. Dellmuth, Pennsylvania Secretary of Banking. The May ceiling was 9 1/4%.

This ceiling is computed monthly as provided by legislation enacted in January. For February, the first month for which a computation was announced, the ceiling was 8 3/4%, while the ceiling in March and April held at 9%. The figure is derived by adding 2.50% to the long term Government bond rate as issued by the Federal Reserve Board. The latest long term bond rate is 7.04% to which has been added the 2.50% for a figure of 9.54%, which is rounded off to the nearest quarter to arrive at 9 1/2%.

##



13 1.17 5:5/20/1974.02



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE MAY 20, 1974

### PENNSYLVANIA SECRETARY OF BANKING DETECTS POSSIBLE TREND - HIGH MONEY RATES MAY PROMPT BANKS TO SHRINK DEPOSITS

Harrisburg--Carl K. Dellmuth, Pennsylvania Secretary of Banking, in a statement issued prior to the opening of the Annual Convention of the Pennsylvania Bankers Association warned directors of banks in the Commonwealth that the banking industry together with the economy generally is entering a period of testing and challenge unlike anything that has been experienced in the last quarter of a century.

Aiming at bank directors rather than at chief executive officers, he called upon directors as stewards and overseers to exert maximum caution and vigilance. Secretary Dellmuth pointed out that banking is not immune from the shocks that have reverberated through the public utility industry following the omission of its dividend by Consolidated Edison. A similar circumstance in a somewhat different frame of reference has just occurred with the Franklin National in New York State as it omitted dividends payable on its common and preferred stocks. And who can forget the Penn-Central debacle? Following a previous suit against all directors, recently the SEC sued three Penn-Central directors in a separate civil suit. These and other recent happenings should have a sobering effect on directors of all corporations.





In any corporate structure, directors are the "final authority" because they are elected by the owners of the business -- the shareholders. Of equal importance, directors must realize they likewise must bear the "final responsibility" for the conduct of the corporation.

Secretary Dellmuth speaking with the background of daily contact with bankers from institutions of all sizes throughout the State and around the country commented that farsighted leaders in banking now are embarking upon a thorough reassessment of policies that have been accepted standards for a generation.

Receiving the most study, the Secretary said, is the doctrine of continued expansion and growth. For the first time in the memory of many executives the price of growth is being measured in the hard terms of the market place. With continually escalating interest rates, Secretary Dellmuth stated that thinking bankers are beginning to question the validity of the recently popular banking practice of buying deposits even at inflated prices.

Thus, as perhaps the first harbinger of a new concept, word is seeping from some executive suites and some board rooms of banking institutions that a new policy may be just over the horizon -- a policy of intentionally shrinking down high cost bank deposits and in the process shrinking the size of the bank. Secretary Dellmuth explained that this approach is being seriously considered as a method of stemming the erosion of profits caused by the high interest rates banks have to pay for money. The Secretary believes that such reversal of what has until now been the standard expectation of continuous deposit growth at any price is being weighed by bellwether bankers throughout the country.



According to Secretary Dellmuth, part of the move to reassess growth for growth's sake is the fact that in some areas disintermediation has seriously sapped deposit growth. He said this is likely to continue as long as depositors and savers are more and more attracted by the rising yields available in various types of Government offerings. Considering deposits as the raw material from which banks create profits for shareholders, and pay interest to savers by lending to borrowers and investing wisely, he called upon directors to study this inter-relationship very carefully.

Secretary Dellmuth made the point that the day may have passed when banks, even major banks, can afford to replace deposit funds lost through disintermediation by "purchasing" high priced money. He said as we near the end of the first half of 1974 it may become increasingly apparent that "carefully planned shrinkage" may become a wise course to follow. Directors should prepare their thinking for this possibility.

While urging bank directors and bankers generally to exert extreme caution and care in acquiring high cost money, Secretary Dellmuth likewise called for equal wisdom and restraint on the lending side. He said that is the direct and continuing responsibility of bank directors to see that the quality of loan portfolios is not allowed to deteriorate. As a former bank executive, he stated that he realizes that this will mean hard and unpopular choices. Secretary Dellmuth said, "We are now entering a period which will require the exercise of the utmost in financial statesmanship by bankers in communities of every size."

With the "continuous growth" formula coming under closer inspection, Secretary Dellmuth also called upon Pennsylvania bank directors and bank





executives to likewise examine in more detail the pattern of opening new branches. While it is, of course, imperative that financial institutions extend services on an expanding basis where prudent, at the same time the lengthening lag time until branches become fully self-sustaining units must be judged more carefully and in instances where the lag time is unreasonably long, the opening of such branches should be postponed or reconsidered. Secretary Dellmuth cautioned that branch openings are not a numbers game between competing banks and that directors should not pressure themselves into approving new branches on the basis of what competitors may be reported to be doing or planning.

Pennsylvania's Secretary of Banking made the point that caution and restraint in branching is especially applicable at this time because some regulatory authorities have made it clear they intend to allow "business judgement" to prevail over "regulatory sanction" in approving branches.

Scanning the condition of Pennsylvania's State-chartered banks, the Secretary said that it is clear that substantial progress is being made in maintaining and improving capital adequacy. This is particularly important as we enter a period of changing economic tides. The stress upon capital adequacy cannot be viewed as a stereotyped or hard and fast rule of thumb. Other factors do enter into the determination of adequacy of capital: the type of deposits, size and quality of the loan portfolio, reserves maintained, earnings, and even the area in which the bank is located. Further, the activity of the bank in branching and merging definitely has a bearing upon capital requirements.



Urging bank directors to make a critical reappraisal of their responsibilities, Secretary Dellmuth cautioned that a bank directorship is not just a status symbol, nor an abstract knighthood, but rather it should represent a clear cut commitment to community service and to the general well-being of the bank and its shareholders as a whole. Speaking as a former bank director of one of the Nation's large banks, the Secretary said directors should take as one benchmark their duty to contribute more to the corporate future than they personally hope to gain from it.

###





P B 1.11/8  
June 7, 1974  
62



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: June 7, 1974

Secretary of Banking Carl K. Dellmuth today made public the consolidated statement of State-chartered banking institutions as of April 24, 1974 compared with March 28, 1973.

Total resources of Pennsylvania State-chartered banking institutions reached an all time high of \$27,569,722,565 on April 24, 1974 and reflect an increase of \$3,736,112,641 (15.7%) compared to March 28, 1973. This increase in total resources is the highest recorded for a comparative period.

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 64.7%; securities investments - 23.5%; cash, due from banks - 7.7%; and all other resources - 4.1%. The ratio of total capital accounts to total deposits is 10.1%. The loans to deposit ratio is 84.1%. The total capital to total resources ratio is 7.8%.

During this period, the number of branches increased from 938 to 1,008 and total banking offices from 1,108 to 1,177.

NOV 20 1974

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	<u>April 24, 1974</u>	<u>March 28, 1973</u>	<u>Increase+</u> <u>Decrease-</u>
<b>RESOURCES</b>			
Cash, Due from Banks, etc.	\$ 1,650,495,037	\$ 1,581,505,944	\$ 68,989,093+
U. S. Government Obligations	1,815,410,648	1,906,000,255	90,589,607-
Direct and Guaranteed			
Obligations of State and	2,780,354,975	2,418,890,349	361,464,626+
Political Subdivisions			
Other Bonds, Notes, Debentures	2,738,665,210	2,379,424,704	359,240,506+
and Corporate Stocks			
Federal Funds Sold	663,490,406	521,725,632	141,764,774+
Loans and Discounts	16,941,683,562	14,257,534,338	2,684,149,224+
Bank Premises & Furn. & Fixt.	291,478,050	262,919,612	28,558,438+
Other Real Estate	18,997,643	14,841,700	4,155,943+
Other Resources	669,147,034	490,767,390	178,379,644+
<b>Total Resources</b>	<b>\$27,569,722,565</b>	<b>\$23,833,609,924</b>	<b>\$3,736,112,641+</b>
<b>LIABILITIES</b>			
Demand Deposits	\$ 5,504,810,799	\$ 5,439,185,309	\$ 65,625,490+
Time and Savings Deposits	16,668,386,269	14,662,526,467	2,005,859,802+
Federal Funds Purchased	1,669,285,785	779,117,123	890,168,662+
Borrowed Money	326,062,929	178,249,328	147,813,601+
Other Liabilities	1,160,663,852	825,823,803	334,840,049+
<b>Total Liabilities</b>	<b>\$25,329,209,634</b>	<b>\$21,884,902,030</b>	<b>\$3,444,307,604+</b>
<b>RESERVES ON LOANS</b>			
<b>AND SECURITIES</b>	<b>\$ 192,697,848</b>	<b>\$ 167,849,809</b>	<b>\$ 24,848,039+</b>
<b>MINORITY INTEREST IN</b>			
<b>CONSOLIDATED SUBSIDIARIES</b>	<b>\$ 879,899</b>	<b>\$ 1,739,664</b>	<b>\$ 859,765-</b>
<b>CAPITAL ACCOUNTS</b>			
Capital Securities	\$ 309,605,931	\$ 230,133,330	\$ 79,472,601+
Capital Stock	344,463,889	263,078,156	81,385,733+
Net Worth of Private Banks	3,206,614	2,871,608	335,006+
Surplus	1,015,977,523	948,402,127	67,575,396+
Undivided Profits	361,034,373	323,724,761	37,309,612+
Reserves	12,646,854	10,908,439	1,738,415+
<b>Total Capital Accounts</b>	<b>\$ 2,046,935,184</b>	<b>\$ 1,779,118,421</b>	<b>\$ 267,816,763+</b>
<b>Total Liabilities, Reserves</b>			
<b>and Capital Accounts</b>	<b>\$27,569,722,565</b>	<b>\$23,833,609,924</b>	<b>\$3,736,112,641+</b>
<b>RESOURCES (by type of institution)</b>			
Banks	\$ 1,202,203,761	\$ 1,137,343,012	\$ 64,860,749+
Bank and Trust Companies	19,287,391,497	16,096,009,426	3,191,382,071+
Trust Companies	8,692,355	8,339,127	353,228+
Savings Banks	7,036,135,401	6,557,947,434	478,187,967+
Private Banks	35,299,551	33,970,925	1,328,626+
<b>Total Resources</b>	<b>\$27,569,722,565</b>	<b>\$23,833,609,924</b>	<b>\$3,736,112,641+</b>
<b>TRUST FUNDS</b>	<b>\$10,581,095,730</b>	<b>\$ 9,292,495,239</b>	<b>\$1,288,600,491+</b>
<b>TOTAL DEPOSITS</b>	<b>\$22,173,197,068</b>	<b>\$20,101,711,776</b>	<b>\$2,071,485,292+</b>
<b>NUMBER OF INSTITUTIONS</b>			
<b>AND BRANCH OFFICES</b>			
	<b>Institutions</b>	<b>Operating Branch Offices</b>	<b>Institutions</b> <b>Operating Branch Offices</b>
Banks	63	72	66 63
Bank and Trust Companies	91	802	89 753
Trust Companies	2	0	2 0
Savings Banks	8	132	8 120
Private Banks	5	2	5 2
	<u>169</u>	<u>1,008</u>	<u>170</u> <u>938</u>









# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE JULY 15, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, announced that within the last two weeks three pivotal banks in Central Pennsylvania have converted to State charters from national charters. These conversions have added over a half-billion dollars (\$508-million) in resources to the State system.

Completing the group accession to State charters was the conversion on July 15 of the \$133-million Southern Pennsylvania National Bank, York, as the Southern Pennsylvania Bank.

Making the conversion on July 1, were the \$240-million Fulton National Bank of Lancaster, now the Fulton Bank, and the \$135-million Farmers First National Bank, Lititz, now the Farmers First Bank, Lititz.

This latest shift of charters brings to over nine hundred million dollars (\$978-million) in banking assets added to the State system during the past six months. In January, the \$470-million Northeastern National Bank of Pennsylvania, Scranton, became the Northeastern Bank of Pennsylvania.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE JULY 18, 1974

Harrisburg - John B. Toppin, Deputy Secretary of Banking for Pennsylvania, has been appointed to the Board of Governors of the Society of Financial Examiners. The appointment was announced by the Washington based national organization of over 8,000 state and federal employees whose responsibility is to supervise and examine the nation's banks, savings and loans and insurance companies.

Toppin has held the post as Pennsylvania's Deputy Secretary of Banking since 1969. A graduate of Franklin and Marshall College, Lancaster, Pennsylvania, he entered banking in 1938 with the First National Bank of Mount Joy, Pennsylvania. Toppin joined the Department of Banking in 1946 as an Assistant Bank Examiner, becoming an Examiner in 1948. He was named a Senior Examiner in 1950, Supervising Examiner in 1963, and Executive Assistant to the Secretary of Banking in 1967.

The Society of Financial Examiners conducts a certification program similar to those used by other professional groups in accounting, actuarial work and real estate. The Society emphasizes educational programs to establish examiners as professionals, and to provide examiners with high level training in their respective fields.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: August 7, 1974

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of all State-chartered banking institutions as of June 30, 1974.

Total resources of Pennsylvania's State-chartered institutions were \$23,572,976,789 and reflect a decrease of \$1,108,064,433 (4.5%). The decrease resulted from the conversion to a National charter of a State bank with resources of \$3,882,000,000 at the beginning of the period. The adjusted resources for June 30, 1973 total \$20,799,835,140 and when compared to the \$23,572,976,789 for June 30, 1974 reflect an increase of \$2,773,141,649 (13.3%).

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 64.1%; securities investments - 25.5%; cash and due from banks - 7.2%; and all other resources - 3.2%. The ratio of total capital accounts to total deposits is 9.7%. The loans to deposit ratio is 78.7%. The total capital accounts to total resources ratio is 7.9%.

During this period the number of branches decreased from 953 to 931 primarily due to the loss of 85 branches by the conversion of one State bank to a National charter and banking offices now number 1,097.

AUG 20 1974

PENNSYLVANIA STATE LIBRARY  
DOVER





DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	June 30, 1974	June 30, 1973	Increase+ Decrease-	
<b>RESOURCES</b>				
Cash, Due from Banks, etc.	\$ 1,263,663,474	\$ 1,783,529,530	\$ 519,866,056-	
U.S. Government Obligations	1,737,243,844	1,920,621,247	183,377,403-	
Direct and Guaranteed Obligations of State and Political Subdivisions	2,339,866,710	2,443,949,238	104,082,528-	
Other Bonds, Notes, Debentures and Corporate Stocks	2,655,018,201	2,428,709,111	226,309,090+	
Federal Funds Sold	457,737,358	416,500,000	41,237,358+	
Loans and Discounts	14,419,550,496	14,840,430,722	420,880,226-	
Bank Premises & Furn. & Fixt.	264,114,490	267,434,558	3,320,068-	
Other Real Estate	19,236,000	23,919,291	4,683,291-	
Other Resources	416,546,216	555,947,525	139,401,309-	
<b>Total Resources</b>	<b>\$23,572,976,789</b>	<b>\$24,681,041,222</b>	<b>\$1,108,064,433-</b>	
<b>LIABILITIES</b>				
Demand Deposits	\$ 4,640,912,026	\$ 5,703,314,807	\$1,062,402,781-	
Time and Savings Deposits	15,177,457,569	14,917,136,199	260,321,370+	
Federal Funds Purchased	874,748,614	611,488,840	263,259,774+	
Borrowed Money	262,013,211	445,585,424	183,572,213-	
Other Liabilities	708,268,767	952,047,553	243,778,786-	
<b>Total Liabilities</b>	<b>\$21,663,400,187</b>	<b>\$22,629,572,823</b>	<b>\$ 966,172,636-</b>	
<b>RESERVES ON LOANS AND SECURITIES</b>	<b>\$ 150,043,378</b>	<b>\$ 170,243,582</b>	<b>\$ 20,200,204-</b>	
<b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>	<b>\$ 882,550</b>	<b>\$ 1,878,893</b>	<b>\$ 996,343-</b>	
<b>CAPITAL ACCOUNTS</b>				
Capital Securities	\$ 217,530,930	\$ 255,848,530	\$ 38,317,600-	
Capital Stock	252,568,712	327,074,163	74,505,451-	
Net Worth of Private Banks	3,527,172	3,158,296	368,876+	
Surplus	936,603,701	959,682,711	23,079,010-	
Undivided Profits	338,068,905	322,555,162	15,513,743+	
Reserves	10,351,254	11,027,062	675,808-	
<b>Total Capital Accounts</b>	<b>\$ 1,758,650,674</b>	<b>\$ 1,879,345,924</b>	<b>\$ 120,695,250-</b>	
<b>Total Liabilities, Reserves and Capital Accounts</b>	<b>\$23,572,976,789</b>	<b>\$24,681,041,222</b>	<b>\$1,108,064,433-</b>	
<b>RESOURCES (By Type of Institution)</b>				
Banks	\$ 1,222,426,659	\$ 1,161,356,698	\$ 61,069,961+	
Bank and Trust Companies	15,204,722,603	16,783,129,031	1,578,406,428-	
Trust Companies	8,822,293	8,504,787	317,506+	
Savings Banks	7,099,563,790	6,693,159,116	406,404,674+	
Private Banks	37,441,444	34,891,590	2,549,854+	
<b>Total Resources</b>	<b>\$23,572,976,789</b>	<b>\$24,681,041,222</b>	<b>\$1,108,064,433-</b>	
<b>TRUST FUNDS</b>	<b>\$ 8,254,133,976</b>	<b>\$ 9,598,153,269</b>	<b>\$1,344,019,293-</b>	
<b>TOTAL DEPOSITS</b>	<b>\$19,818,369,595</b>	<b>\$20,620,451,006</b>	<b>\$ 802,081,411-</b>	
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>				
	<b>Institutions</b>	<b>Operating Branch Offices</b>	<b>Institutions</b>	<b>Operating Branch Offices</b>
Banks	62	72	65	62
Bank and Trust Companies	89	724	89	766
Trust Companies	2	0	2	0
Savings Banks	8	133	8	123
Private Banks	5	2	5	2
<b>Totals</b>	<b>166</b>	<b>931</b>	<b>169</b>	<b>953</b>







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 RELEASED TO ALL SUNDAY NEWSPAPERS

FOR RELEASE JUNE 9, 1974

### TREASURY CALLED UPON TO RETREAT FROM BIDDING AGAINST HOME BUYER FOR MORTGAGE FUNDS

Harrisburg - In a statement praising the savings & loan industry in Pennsylvania for its efforts to provide residential mortgage funds despite disintermediation, Carl K. Dellmuth, Pennsylvania Secretary of Banking, called for a reappraisal by the Treasury of its recent decision to lower the minimum purchase on Treasury notes and bonds to \$1,000.

Issued in Harrisburg for the Managers' Conference of the Pennsylvania Savings & Loan League at Great Gorge, McAfee, New Jersey, June 9 - 11, the Secretary's comments called into question the recent decision by the Treasury under Congressional pressure to retreat from its previous decision to set a minimum purchase of treasury instruments at \$10,000.

According to Secretary Dellmuth, the reduction in the minimum, far from being a beneficial move for the small investor, would result in siphoning off savings deposits from financial institutions. These deposits, he said, are the funds from which residential mortgage loans are made. In effect, the Secretary said the adherence by the Treasury to this policy will result in the Treasury bidding against the would-be home buyer for scarce mortgage money.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

- MORE -



The Congressional request to the Treasury was not mandatory, Secretary Dellmuth stated. In the form of a directive, the proposal made it plain that the Treasury can ignore the instructions if "it is convinced that this will result in a serious dislocation for the various institutions representing the market for savings", the House Ways and Means Committee message explained.

Secretary Dellmuth also commented on the successful operation of the changing mortgage rate ceiling now in effect in Pennsylvania. It is set every month by the Banking Department by adding 2.5 per centage points to the long term government bond rate as announced by the Federal Reserve System. The ceiling on residential mortgages under \$50,000 for June has been set at 9 1/2%, up from 9 1/4% in May. This device, the Secretary said, has halted the outflow of mortgage funds from Pennsylvania. He added that it also has attracted funds from neighboring states where non-competitive rates prevail by law. A similar situation existed in Pennsylvania when the mortgage ceiling was pegged at 8%.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: JUNE 13, 1974

Harrisburg - Pennsylvania Secretary of Banking Carl K. Dellmuth announced today that the provisions of Act No. 6, which establishes the lawful rate of interest for the loan or use of money, do not apply to vacation lot sales. The Secretary made the statement upon receipt of a formal legal opinion on the matter from the Attorney General.

According to the Secretary, the Attorney General has stated that the sale and financing of land does not come within the requirement of "residential mortgage", that it be property "on which two or fewer residential units are to be constructed", unless the construction of a residence is included or required in the agreement of sale or is provided for in a separate agreement approximately contemporaneous with the agreement of sale.

The threat that the complex provisions of Act No. 6 would apply to the sale of vacation lots has worried the vacation land development industry in Pennsylvania, and the interpretation by the Attorney General was requested by the Secretary of Banking to clear the air. Vacation land development is an important development factor in many of the less heavily settled areas of the state.

##



177/8:6/17/278 c.2



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE JUNE 17, 1974

Harrisburg - The July interest ceiling on residential mortgages under \$50,000 in Pennsylvania will continue at 9 1/2%, it was announced by Carl K. Dellmuth, Secretary of Banking. This is the same ceiling that prevails for June.

The Secretary of Banking sets the ceiling for each month by adding 2 1/2 percentage points to the long term rate on U. S. Government bonds. Thus, for the latest computation, the rate on long term Governments was 7.07% to which was added 2.5% for a figure of 9.57%, which rounds off to 9 1/2%. Legislation providing for this method of setting a mortgage rate ceiling was enacted in January. An 8 3/4% rate was set for February, while the ceiling was 9% for March and April, rising to 9 1/4% in May.

##





13 1,1712;8/7/1974



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE August 7, 1974

Harrisburg -- Commenting on this week's U. S. Treasury offerings approximating \$9 billion in Treasury bills, bonds and notes in denominations as small as \$1,000, and slated to bear an interest rate of 9%, Pennsylvania Secretary of Banking Carl K. Dellmuth asked if this move is the forerunner of a completely new financial philosophy for the nation.

Dellmuth stated that this obviously means still another wave of disintermediation for the nation's depository institutions. Hardest hit will probably be the already plagued savings and loan and savings bank industries. The impact, likewise will be felt by commercial banks and credit unions. Most importantly, the consumer-borrower will begin to understand, among other things, why little or no mortgage money is readily available. When this happens, Dellmuth predicts "the fur may start to fly and we may begin to get perspective."

Elaborating further, Dellmuth pointed out that the Federal Government's apparent intent to compete actively for the savers' dollars foretells trying days ahead for the private financial industries who traditionally have serviced the bulk of the public's borrowing needs. Savers' dollars, he added, attracted to service the Federal debt will not be available to satisfy today's public borrowing needs. We simply cannot have it both ways.

As Secretary Dellmuth had pointed out in June, Congress, in requesting that the Treasury make available debt instruments of lower denominations, had



made it clear that its suggestion was not mandatory. It was made plain that the Treasury was free to ignore the suggestion if "it is convinced that this will result in a serious dislocation for the various institutions representing the market for savings." According to some reports, the Treasury is excusing the action by blaming it on Congressional pressure.

At the same time, the Pennsylvania Secretary of Banking stated that if the denomination is lowered to \$1,000, why discriminate against the smaller savers? Would not denominations of \$100 or even \$25 be just as logical? However, he noted that once such Government programs get under way they are difficult to end or curtail. Secretary Dellmuth cited as an example the Treasury's own U. S. Savings Bond Program which had lived far beyond the purpose for which it was originally intended.

Secretary Dellmuth stated it seems grossly unfair that one arm, the Treasury, attracts savers' dollars by providing more attractive terms, while other arms of the Federal Government limit to somewhat lower ceilings savings rates that can be paid by private sector depository institutions. Thus, these institutions are now by law prevented from offering competitive rates.

In addition, Treasury offerings are exempt from state and local taxes, although taxable under Federal law. This is an important advantage even for the smallest saver at today's level of general taxation. All of which makes the 9% rate, highest since the Civil War, even more attractive. And we cannot blame the savers for becoming more and more aware of these advantages. Officials of some thrift institutions report records show that there were substantial increases in outflow identifiable into Treasury securities both in March and again in May,





the two previous offerings when the minimum was \$1,000.

Secretary Dellmuth also raised the question that if the Federal Government intends to compete more directly for the savers' dollar, will it at some future date be obligated to become a direct lender in order to meet public needs historically met by private financial institutions holding savers' dollars? If so, the future of our traditional financial industries is in very real jeopardy.

###



1. 12/8/12/1974: a. 2



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

FOR RELEASE AUGUST 12, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, announced that 9 3/4% would be the interest ceiling in September for residential mortgages under \$50,000. This is up one quarter of a percent from the 9 1/2% figure that prevailed for the three months of June through August.

This rate is set by the Secretary of Banking by adding 2 1/2 percentage points to the long term Government bond rate as computed by the Federal Reserve, which reported a figure of 7.18%. Combined with 2.50% this gives a total of 9.68%, which rounded to the nearest quarter gives the rate of 9.75% or 9 3/4%. When the legislation first went into effect in February the rate was set at 8 3/4%. It rose to 9% for March and April, and then 9 1/4% in May.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE OCTOBER 4, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, warned that an endless re-hashing of setbacks in a few units of the nation's banking system may tend to create an unwarranted loss of public confidence in banks.

He added that the continuous negative approach assumed by some observers could create the very conditions they fear, that is, large scale public concern over the soundness of American banking.

Calling for renewed public confidence in banking, Secretary Dellmuth stated that some may have forgotten that the American banking system has outperformed that of any other country in the world.

Discussing confidence as a vital ingredient in the continuing health of the nation's banks, the Secretary said that this trust in the system is deserved. Backing up his contention with statistics, he pointed out Federal Deposit Insurance Corporation (FDIC) figures show that some 99.7% of all depositors in closed banks in the years 1934 through 1973 recovered every penny of their funds. Moreover, according to FDIC figures in the span 1960-1973, an average of only six banks a year have been closed. This out of a national total of 14,000 institutions means an average of four one-hundredths of one percent (.04%).



Secretary Dellmuth said he feels compelled at this time to issue this statement of principle in the light of the steady flow of negative comment in some quarters. To counter this he called upon financial commentators, and banking spokesmen, to view the American banking scene with more depth and perspective. Secretary Dellmuth added that the American public is aware of the horrendous problems of inflation and disintermediation and should likewise be aware that America's financial institutions are responding, even though a few have suffered reverses. These losses have been lamentable, but in most instances have been fully covered by reserves provided precisely for such contingencies. And when these reserves have not been sufficient, stockholders' equity has been sacrificed. The significant fact, Secretary Dellmuth stressed, is that depositors have rarely suffered.

Secretary Dellmuth called attention to this monumental achievement taking place during a period of world-wide economic ferment, affecting not only banking, but all economic life - public and private.

As the head of the Pennsylvania Department of Banking sees it, too frequently, even so-called financial experts lock themselves in with traditional misconceptions about the nation's banks. One popular misconception is that banks benefit during periods of high interest rates. We must remind ourselves Secretary Dellmuth said, that to lend, banks must borrow. Thus, banks in effect can but pass on high money costs for which they are not basically responsible, if they are to remain in business.





Turning a moment from the pragmatics of banking, Secretary Dellmuth said its other face, so common that it is taken for granted, is that of community service. In great cities, in small towns, in local, state and federal government, in foundations, in charities and on college boards, bankers serve gladly and willingly.

It can be said, Secretary Dellmuth continued, that there is scarcely a banker of stature who is not also a leader in some phase of community life, and in no other profession do its leaders devote so much time and energy to unpaid public service.

Secretary Dellmuth said with this record of achievement, it is disappointing and at times disheartening to encounter surfeits of sustained negativism toward bankers and banking.

Secretary Dellmuth said that banking should not seek to escape justified censure, but at the same time, the unforgiving negativism apparent in some circles is far from warranted. Most importantly, the Secretary added, it is this kind of echo-chamber production that feeds upon itself endlessly and is not in the public interest.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE SEPTEMBER 11, 1974

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, announced the Department has received the opinion of the Attorney General dealing with "Withdrawal Orders of Account" or WOA accounts.

The opinion clearly states that savings banks in Pennsylvania may lawfully offer accounts to its depositors whereby the depositors may withdraw funds from their account by means of a withdrawal slip and a check which must be countersigned by the bank. In lieu of a passbook, depositors receive monthly statements issued by the bank.

This opinion, copy attached, was handed down by the Justice Department at the request of the Department of Banking in response to a query from a group of savings banks.

##

ATTACHMENT







COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF ATTORNEY GENERAL  
HARRISBURG, PA. 17120

ISRAEL PACKEL  
ATTORNEY GENERAL

September 10, 1974

RECEIVED

SEP 10 1974

DEPARTMENT OF TREASURY  
SECRETARY'S OFFICE

Honorable Carl K. Dellmuth  
Secretary of Banking  
433 Education Building  
Harrisburg, Pennsylvania 17126

Dear Secretary Dellmuth:

You have asked us to determine whether savings banks operating under the Banking Code of 1965, 7 P.S. § 101 et seq. may offer depositors a type of savings account which has never been offered previously in Pennsylvania. The account, for the purpose of this opinion, shall be referred to as a WOA account. WOA accounts are statement accounts; i.e., in lieu of the traditional passbook, the account is kept by a series of monthly statements issued by the savings bank to the account holder. Each monthly statement sets forth all deposits to, all interest credited to, and all withdrawals from the account during the month. WOA account holders withdraw funds from their account by presenting to the bank, either personally or by mail, a withdrawal slip together with a withdrawal order which, when countersigned by the bank, is made transferrable and negotiable. It is not until the drawee bank countersigns the WOA order that it is a valid instrument of transfer; and once it is so countersigned, it becomes a treasurer's check and the bank debits the WOA account by the amount of that check. The drawee bank then places the amount debited into a demand account for the purpose of honoring the WOA check when it is presented for payment.

As you know, it is customary for savings account holders to withdraw funds from their account by presenting a withdrawal slip together with an account passbook. The bank, after noting the withdrawal in the passbook and upon retaining the withdrawal slip, pays the amount to be withdrawn to the account holder in cash. The account holders may however, if they so wish, receive all or part of the withdrawal in the form of one or more money orders or treasurer's checks. Thus, the distinguishing feature between this traditional account and the WOA account is that depositors receive, in lieu of a passbook, receipts for their deposits and a book of "checks" and withdrawal forms.



The Banking Code of 1965 defines a savings bank as:

"A corporation without capital stock which exists under the laws of this Commonwealth and as a savings bank under the Banking Code of 1933 was authorized to engage in the business of receiving savings deposits on the effective date of this act or which receives authority to engage in such business pursuant to this act." 7 P.S. § 102(x).

It should be noted that the term "savings deposits" is not defined in the Banking Code. Clearly, however, savings banks act as depositories and they must as well have a means by which depositors can withdraw their money. The Banking Code provides:

"A savings bank may receive money for deposit and:

"(a) Provisions for withdrawal - May provide by its articles or by-laws for the terms of withdrawal thereof except that deposits may not be accepted which are legally subject to withdrawal within a period of less than fourteen days,<sup>1</sup>

"(b) Notice in absence of provisions - Shall repay deposits on demand after sixty days' notice in the absence of any requirement of notice in its articles, by-laws or rules or in the event of failure by the savings bank to give any notice required by this act or by its articles, by-laws or rules,..." 7 P.S. § 503(a), (b).

Since the above quoted provisions of law are the only provisions in the Banking Code of 1965 which discuss the means of withdrawing funds deposited in savings banks, we must interpret them in order to determine whether they permit the kind of withdrawal contemplated by WOA accounts. As savings banks may provide through

---

1

It has been suggested that Section 503(a) means that a savings bank may not pay out money deposited until fourteen days after such deposit is made. The commentary to Section 503 of the Banking Code of 1965 indicates however, that Section 503(a) restates without change that portion of Section 1203(a) of the Banking Code of 1933 which provided that a "savings bank shall not accept any deposits payment of which can be legally required by the depositor within a period of less than fourteen days." Accordingly, it appears that Section 503(a) obligates a bank to do no more than retain the option of refusing to surrender a deposit sooner than fourteen days after it is made. The latter is the interpretation of Section 503(a) that has been universally adopted by savings banks since the Code of 1965 became effective.







their by-laws the terms for withdrawal, it is reasonable to conclude that such by-laws may provide for a means of withdrawal as contemplated with a WOA account. Thus, if the WOA account incorporates the requirements of Section 503(a) of the Code, then, except for some minor technicalities (e.g., it is probable that, under Section 108 of the Code, the bank must retain the checks presented for payment, 7 P.S. § 108), it would appear that the account is permissible under the Code. Since Federal Law does not prohibit WOA type accounts either, we conclude that such accounts are lawful in Pennsylvania.

Although the WOA account does not seem to be a major departure from traditional savings accounts, indeed, the differences appear to be those of form rather than substance, arguments have been made setting forth the premise that even though there are no provisions in the Code that explicitly prohibit WOA accounts they should still be declared unlawful as they are one step closer to demand deposits which are exclusively within the realm of commercial banks. In this regard, it is necessary to briefly discuss the traditional purposes and functions of savings banks.

The Pennsylvania Supreme Court in Philadelphia Saving Fund Society v. Banking Board of Pennsylvania, 383 Pa. 253 (1955) determined that PSFS could open a branch office in a location which was already serviced by several commercial banks. The Court described mutual savings banks by stating that:

"...[t]he primary purpose of a mutual savings bank is to encourage thrift...The function of such a bank is to receive small but frequent deposits from a large number of individuals. The aggregate of these deposits is then carefully invested, from time to time, in home mortgages, stock and bonds, and the resultant income...is distributed proportionately among the various depositors by way of a dividend....[t]he savings bank offers the small depositor a sound income-producing investment for his modest means and at the same time affords him a convenient opportunity of home financing.

"The distinction between a mutual savings bank and a commercial bank for profit has long been judicially recognized. [Mutual savings banks] are...banks of deposit for the accumulation of small savings belonging to the industrious and thrifty...'A savings bank is an institution organized to promote prosperity of persons of small means and limited opportunities, wherein earnings may be gained on aggregate small deposits...it is not a bank in the commercial sense of the word.'" Id. at 261.





Viewed in this light, what appears to be an insignificant variance between the traditional passbook savings accounts and the WOA account, i.e., the difference between a passbook on one hand and a set of deposit slips, withdrawal slips and a checkbook on the other, becomes a matter that can arguably be an unacceptable overreaching of the ultimate purpose of the Banking Code. It is contended that the holders of WOA accounts will view their withdrawal order as a check, regardless of its technical classification, and therefore use it as they would a normal check. This would have great repercussions among the various institutions in the banking community as quite possibly, many depositors would withdraw their funds from commercial banks and deposit them in savings banks, thus upsetting the delicate balance among the various banking institutions.

It should also be noted that the reserve requirements for savings banks are significantly less than those required for commercial banks. 7 P.S. § 703. This is true due to the fact that monies deposited in demand deposits have a much higher frequency of withdrawal than monies deposited in savings deposits and thus the need for protection is greater. Since it is a reasonable assumption that WOA accounts will occasion a higher rate of withdrawal than customary passbook savings accounts, it has been suggested that this is further justification for finding WOA accounts unlawful under the Banking Code of 1965.

Although we find these arguments meritorious, we do not deem them persuasive as WOA accounts are merely a minor variation on what savings banks have traditionally been doing for years, i.e., issuing treasurer's checks. In fact, the Maryland Supreme Court stated that:

"If...a depositor of the Bank, on making a withdrawal, has the option of requesting cash, or treasurer's check, or of purchasing a money order, it seems abundantly clear to us that according him a fourth option of drawing a check on his own account, whether or not he presents his passbook, is a distinction without a difference."  
Savings Bank of Baltimore, et al v. Bank Commissioner of the State of Maryland, et al, 248 Md. 461, 475, 237 A.2d 45, 53 (1967).

The PSFS case as quoted above, pointed out that savings banks are thrift institutions. That case also states that savings banks are very deeply involved in the home mortgage market. As you are well aware, the home mortgage market is very tight. One of the advantages of savings banks offering WOA accounts will be an influx in savings deposits which will result in the availability






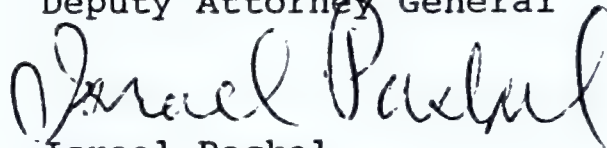
of more money for the home mortgage market. Also, the broad dictum in that case supports the policy that savings banks, although serving somewhat different functions, still compete with commercial banks.<sup>2</sup>

As there are no prohibitions against the use of WOA accounts in Pennsylvania, it is our opinion, and you are accordingly advised, that such accounts are lawful. We do suggest however that savings banks offering this type of account should be required to inform its depositors that withdrawals from the account are subject to a minimum of fourteen days notice if the bank should so require.

Very truly yours,



Jeffrey G. Cokin  
Deputy Attorney General



Israel Packel  
Attorney General

---

2

In fact, the framers of the Banking Code of 1965 specifically stated that one of the purposes in adopting the Code was to provide for: "the opportunity for institutions subject to this act to remain competitive with each other, with financial organizations existing under other laws of this Commonwealth, and with banking and financial organizations existing under the laws of other states, the United States and foreign countries." 7 P.S. § 103(a)(v). (Emphasis supplied).





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: September 16, 1974

Harrisburg - In October, for a second consecutive month, the interest ceiling will hold at 9 3/4% in Pennsylvania on residential mortgages under \$50,000, it was announced today by Carl K. Dellmuth, Pennsylvania Secretary of Banking. Earlier this year, the Secretary was authorized to set the rate each month by adding 2 1/2 percentage points to the long term Government bond rate as computed by the Federal Reserve.

The long term bond rate was 7.33%, to which was added 2.50%, for a total of 9.83% that rounds off to the nearest quarter at 9.75%. When the legislation first went into effect last February the rate was set at 8 3/4%. This rose to 9% for March and April, to 9 1/4% for May, and to 9 1/2% for June, July and August.

##





1.17/8 : 10/14/1974:22



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: OCTOBER 14, 1974

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced that in November for the third successive month the interest ceiling on home mortgages under \$50,000 will remain at 9 3/4%.

The ceiling rate is arrived at by adding 2.50% to the long term U. S. Government bond rate of 7.30%. This equals 9.80%, which rounded to the nearest quarter gives the figure of 9 3/4% in Pennsylvania, as has prevailed also in September and October. When this variable ceiling was first established early this year the rate was set at 8 3/4% in February, 9% for March and April, 9 1/4% for May, and 9 1/2% for June through August.

##



1.1718: 11/12/1974: c.2



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE November 12, 1974

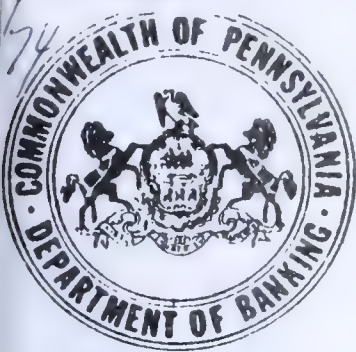
Harrisburg - For the fourth successive month,  $9 \frac{3}{4}\%$  has been set as the ceiling rate for December on home mortgages under \$50,000 in Pennsylvania, it was announced by Secretary of Banking Carl K. Dellmuth.

The rate was arrived at by adding 2.50 percentage points to the rate on long term Government bonds. Thus, 2.50% added to 7.22% gives the figure of 9.72%, which rounded off to the nearest quarter is 9.75%. When this variable ceiling was first established early this year the rate was set at  $8 \frac{3}{4}\%$  in February, 9% for March and April,  $9 \frac{1}{4}\%$  for May and  $9 \frac{1}{2}\%$  for June through August.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning  
November 25, 1974

### FRANKLIN & MARSHALL COLLEGE LIBRARY

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of State-chartered banking institutions as of October 15, 1974.

Total resources of Pennsylvania's State-chartered banks were \$24,924,338,074 and reflect a decrease of \$770,547,068, down 3.0% from October, 1973. This decline resulted from the conversion to a National charter of a State bank with resources of \$4,394,970,946 included in the comparable 1973 statement. By omitting the converted bank's resources from consideration, total resources as of October 15, 1974 were up 17.0% to the \$24,924,338,074 listed from \$21,299,914,196 on October 17, 1973 for an increase of \$3,624,423,878.

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 63.6%; securities investments - 24%; cash and due from banks - 9%; and all other resources - 3.4%. The ratio of total capital accounts to total deposits is 9.4%. The loans to deposit ratio is 77.1%. The total capital accounts to total resources ratio is 7.75%.

During this period the number of branches increased from 966 to 989 and banking offices now total 1,155.



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	October 15, 1974	October 17, 1973	Increase+ Decrease-	
<u>RESOURCES</u>				
Cash, Due from Banks, etc.	\$ 1,678,378,020	\$ 1,682,049,455	\$ 3,671,435-	
U. S. Government Obligations				
Direct and Guaranteed	1,752,581,546	1,783,686,137	31,104,591-	
Obligations of State and				
Political Subdivisions	2,380,203,603	2,522,859,172	142,655,569-	
Other Bonds, Notes, Debentures				
and Corporate Stocks	2,704,760,354	2,475,393,083	229,367,271+	
Federal Funds Sold	611,958,990	842,036,500	230,077,510-	
Loans and Discounts	15,027,507,318	15,449,672,694	422,165,376-	
Bank Premises & Furn. & Fixt.	286,449,262	275,153,490	11,295,772+	
Other Real Estate	23,105,806	22,475,197	603,609+	
Other Resources	459,393,175	641,559,414	182,166,239-	
Total Resources	<u>\$24,924,338,074</u>	<u>\$25,694,885,142</u>	<u>\$ 770,547,068-</u>	
<u>LIABILITIES</u>				
Demand Deposits	\$ 5,135,741,619	\$ 5,408,855,935	\$ 273,114,316-	
Time and Savings Deposits	16,004,739,699	15,399,224,263	605,515,436+	
Federal Funds Purchased	694,050,020	1,227,931,759	533,881,739-	
Borrowed Money	307,542,460	376,501,559	68,959,099-	
Other Liabilities	780,198,336	1,186,017,864	405,819,528-	
Total Liabilities	<u>\$22,922,272,134</u>	<u>\$23,598,531,380</u>	<u>\$ 676,259,246-</u>	
RESERVES ON LOANS AND				
SECURITIES	\$ 158,577,926	\$ 176,381,045	\$ 17,803,119-	
MINORITY INTEREST IN				
CONSOLIDATED SUBSIDIARIES	\$ 870,131	\$ 1,913,987	\$ 1,043,856-	
<u>CAPITAL ACCOUNTS</u>				
Capital Securities	\$ 225,186,930	\$ 258,615,830	\$ 33,428,900-	
Capital Stock	262,526,331	329,338,221	66,811,890-	
Net Worth of Private Banks	4,074,037	3,686,923	387,114+	
Surplus	974,544,292	972,092,829	2,451,463+	
Undivided Profits	364,787,058	343,628,032	21,159,026+	
Reserves	11,499,235	10,696,895	802,340+	
Total Capital Accounts	<u>\$ 1,842,617,883</u>	<u>\$ 1,918,058,730</u>	<u>\$ 75,440,847-</u>	
Total Liabilities, Reserves and Capital Accounts	<u>\$24,924,338,074</u>	<u>\$25,694,885,142</u>	<u>\$ 770,547,068-</u>	
<u>RESOURCES (By Type of Institution)</u>				
Banks	\$ 1,233,814,903	\$ 1,169,444,606	\$ 64,370,297+	
Bank and Trust Companies	16,464,621,528	17,782,545,130	1,317,923,602-	
Trust Companies	8,978,067	8,599,370	378,697+	
Savings Banks	7,177,387,532	6,700,892,913	476,494,619+	
Private Banks	39,536,044	33,403,123	6,132,921+	
Total Resources	<u>\$24,924,338,074</u>	<u>\$25,694,885,142</u>	<u>\$ 770,547,068-</u>	
TRUST FUNDS	\$ 8,792,660,752	\$ 9,824,188,859	\$1,031,528,107-	
TOTAL DEPOSITS	\$21,140,481,318	\$20,808,080,198	\$ 332,401,120+	
<u>NUMBER OF INSTITUTIONS</u>				
<u>AND BRANCH OFFICES</u>	<u>Institutions</u>	<u>Operating Branch Offices</u>	<u>Institutions</u>	<u>Operating Branch Offices</u>
Banks	60	73	64	64
Bank and Trust Companies	91	773	88	776
Trust Companies	2	0	2	0
Savings Banks	8	141	8	125
Private Banks	5	2	5	1
	<u>166</u>	<u>989</u>	<u>167</u>	<u>966</u>







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE November 27, 1974

Harrisburg - In response to a recent suggestion by a Philadelphia banker for a greater commitment to bank security by bank regulators, Pennsylvania Secretary of Banking Carl K. Dellmuth calls for an ever broader approach to the growing problem.

Citing the fact that bank regulation is divided between State banking authorities, the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Federal Reserve System, Secretary Dellmuth said no one agency any more than any one bank can meet this challenge single-handedly.

The Secretary expressed special concern over the risk that has been frequently imposed on bank customers, employees and their families by the bank robbers who sometimes use banker families as hostages. In light of these tactics, comparatively new to the annals of modern American crime, Secretary Dellmuth stated he is willing to suggest to the Legislature that Pennsylvania law in this area be tightened as long as the parties at interest can agree on conditions, including severity of penalties and parole restrictions.

At the same time, the Secretary welcomed the recent announcement by the U. S. Department of Justice that specially trained U. S. Marshals will inspect security procedures at 300 banks in financial centers throughout the nation, including institutions in Philadelphia.



According to Secretary Dellmuth, although most banks and all regulatory agencies are engaged in the struggle against bank crime, there is a clear and definite need for a greater degree of coordination between banks and supervisory and law enforcement agencies. Surveys show that while many bank bandits are loners or psychotic individuals who act upon impulse, a growing number of these criminals come from organized criminal groups.

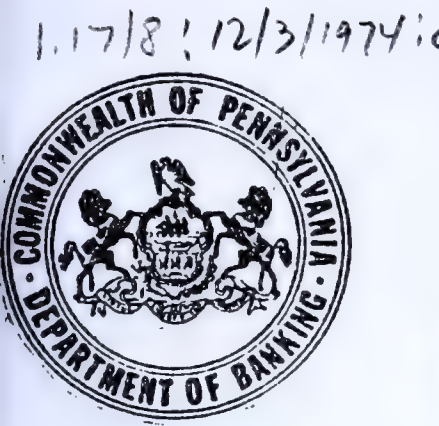
Banking, he said, can only respond to such a challenge by greater coordination, vigilance and a deeper knowledge of the problems involved. When the holdup occurs, the Secretary said, it is then too late to wonder if the alarm system is adequate, are the hidden TV cameras working, is too much cash being stored at the branch?

Secretary Dellmuth points out that the problem of bank security is a manifestly complicated one and cannot be solved simply by stationing armed guards in every banking office.

The only entity in the Commonwealth of Pennsylvania representing all commercial banks is the Pennsylvania Bankers Association, and the PBA may be one of the starting points from which to activate a State-wide program. Likewise, the Pennsylvania Savings & Loan League, and the Pennsylvania Association of Mutual Savings Banks should consider joining in the effort. If this is done the State Banking Department will cooperate fully.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: December 3, 1974

### NEWS CAPSULE - GOLD

#### (FULL STATEMENT ATTACHED)

Harrisburg - In a warning to banks and would-be investors in gold, Pennsylvania Secretary of Banking Carl K. Dellmuth cautioned that permission to trade in gold beginning in 1975 might be just as intoxicating as the repeal of the 18th Amendment, even though the hangover would be economic rather than alcoholic.

In calling for the utmost of prudence in gold transactions, the Secretary stated that the Banking Department is preparing regulations that would allow state chartered financial institutions to buy and sell gold as an accomodation for their customers.

With Federal restrictions in gold trading coming off as of the beginning of 1975, the Department's regulations will enable banks to carry out gold transactions for buyers or sellers on a consign-ment basis through firms or the few banks who have specialized gold departments. The regulations will forbid the carrying of gold for inventory purposes and will forbid institutions from taking position in the volatile gold market.

With trading in gold becoming legal in the United States for the first time in over four decades, Secretary Dellmuth said the new freedom should be exercised with the utmost care and with the full realization that transactions in gold are like trading in any commodity -

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE December 3, 1974

Harrisburg - For those who remember the consequences of the repeal of the 18th Amendment, the coming American Gold Rush of 1975 may produce even more hangovers - especially for those who don't know how to handle the free access to gold any better than they learned how to handle the free access to alcohol.

New Year's Eve parties across the Commonwealth may as a result take on a new theme this year, because as we turn the corner into 1975, Pennsylvanians - as well as all Americans - may trade in gold once again after a prohibition of more than four decades.

While beverage of alcoholic content and gold have no apparent similarity, they do react in much the same way on a great number of people. Taken in moderation, they cause no significant harm. Taken in excess, they may lead to disappointment, despair and even to the absolute ravage of a person's sense of prudence.

So for Pennsylvanians, the question is "How do I handle the privilege of free access to gold?"

The foregoing statement was made in Harrisburg today, not by a gold expert, but by Pennsylvania's Secretary of Banking Carl K. Dellmuth as a warning to all Pennsylvanians to tread carefully as they view the prospect of trading in gold.

He added the Banking Department will soon issue regulations allowing state chartered financial institutions to buy and sell





gold as an accomodation for their customers. The same regulations, however, forbid institutions from carrying an inventory of gold or from taking a position in the gold futures market.

These regulations are to be issued in anticipation of the inauguration of gold trading in January for the first time in 41 years as the Federal government officially lifts the ban that was put into effect by President Franklin Roosevelt in 1933.

Secretary Dellmuth will instruct Pennsylvania chartered institutions that in serving customers who want to buy gold, either in the form of bullion or coins, they should do so as agents of firms who specialize in trading in precious metals. These specialists have indicated a willingness to provide gold for bank customers either on a consignment basis or for delivery within a few days after an order is received.

Dealers in gold, either smelters of precious metals or a few banks with gold departments, are offering gold to be sold to bank customers in various forms; in units of a fraction of an ounce, these will be in the form of wafers no bigger than a locket; in gold bars some will range in size to 50 ounces. Various foreign gold coins, as well as historic U. S. gold coins, will probably be offered for sale. The Treasury does not plan to mint any new U. S. gold coins, and the historic gold coins in the hands of collectors are not considered legal tender. These U. S. gold coins, minted when the nation was on the gold standard, are valued by coin collectors at amounts far above the face value or their gold content.

In the regulations, Secretary Dellmuth stated particular attention has been given to the dangers of using such a volatile commodity as gold in trust accounts or the acceptance of gold as loan



collateral. Even though customers may specify the purchase of gold or silver for their trust accounts, the Secretary said banks have been asked to warn them and explain holdings of precious metals do not earn interest, and if held in any sizable amount such a policy is costly in storage charges and insurance. Some experts estimate that for a gold hoarder to stay abreast of his investment the price of gold would have to go up 10% annually. Although gold prices have climbed skyward in recent years, the actual return to a long term investor in gold is not impressive.

The Secretary likewise urged banks to inform customers that the price at which they buy gold from their bank may not be the same as the price they will be offered when they want to sell their gold back to the bank. Where the customer takes actual possession of the gold purchased, the gold he holds may require an assay before it can be sold. This assay charge may amount to \$20 to \$40, regardless of the amount involved. In addition, most institutions will find a handling charge necessary on any buy-back. This, it is reported, can range anywhere from 3% to 15%, depending upon the institution and the amount involved, with smaller amounts requiring a higher handling charge. These possible charges do not take into account any price erosion in the gold market.

Buying gold coins for the numismatic value or value to coin collectors is an entirely different aspect of the gold market, Secretary Dellmuth remarked. He added that few financial institutions are competent to judge coin values on that basis, and both buyers and sellers should exercise extra caution when the gold transaction is in coin, as in many instances the numismatic value involved is much higher than the actual gold content of the coins.





In urging the utmost of prudence and caution for anyone involved in the gold market, whether purchaser or seller, Secretary Dellmuth warned that the current high price level of gold on the world market which recently touched \$195 per ounce has also shown its volatility by declining \$5 or more per ounce in a single day's trading.

At the same time, the two tier pricing of gold still continues with the Treasury valuing the nation's gold stock at \$42.22 per ounce, a price set in 1968. Prior to that, the Treasury price had been \$35 an ounce, a figure set in 1933-34 when the United States abandoned the gold standard. However, before that gold had been traded at \$20.67 per ounce since 1849, or the year of the Forty Niners of the California Gold Rush fame. Using the \$42.22 per ounce figure, the Treasury values the nation's gold hoard at \$11.6-billion. Stored at Fort Knox, Kentucky, this reserve is estimated to make up approximately 25% of the world's monetary stock of gold. Although the total exceeds that of any other nation, it is down sharply from 1949 when U. S. gold reserves amounted to 71% of the world's total.

Other important world monetary gold holdings are: West Germany 10%, France 9%, Italy 7%, Switzerland 7%, and the United Kingdom a slim 2%. None of the nations seek a return to the gold standard under which paper money is freely exchanged for gold. However, under the two-tier system, gold was to be used for balance of payments settlements between nations, but nations have refused to use this option as most in actual practice value their gold at the world market price rather than the international figure.

Secretary Dellmuth observed that there is a dispute as to what will happen when gold trading begins in the United States. Some he



said feel there will be a new "gold rush", while others are of the opinion that it will be strictly a "non-event". Some feel that the recent increased trading in foreign gold coins, those minted before 1960, that became permissible at the beginning of this year, is an indicator of future events. This trading has been at a pace of approximately \$100-million per month. Other computations set the figure at \$340-million in the first eight months or about 2-million ounces, with the trading total for 1974 likely to be between 3 1/2 and 4-million ounces. On that basis, gold experts are predicting a market of 5-million ounces per year or \$900-million for the first full year of complete freedom to trade gold.

If activity in gold reaches that level, it seems likely that the world price in gold will be set somewhere in the U.S.A. This change of continents for the world market has already occurred in silver. Interestingly enough, current interest in precious metals is centered in Europe, Canada and the United States, rather than India and the Middle East, both traditional areas of the hoarding of the noble metals.

According to experts, despite the record market price for gold, there has been little hoarded gold coming into the market in the past 2 1/2 years of rising gold prices. The gold being traded is new gold, of which the United States used 210 tons for the arts and industry, of which total 173 tons were imported. Out of the total, 109 tons went into jewelry, 81 tons into electronics and industry generally, and 20 tons for dentistry.

This has all occurred in a time when gold production has climbed steadily and substantially ever since the beginning of this century. Of the 74,000 metric tons of gold said to have been mined through the ages, three quarters has been brought to the surface since 1900, with more than half produced since 1931 and almost a third since 1953.





Rising production continued until 1970 when the world market price of gold started to sky rocket. The decline in output actually was a byproduct of higher gold prices. As the price went up, it became economical for gold mines to process lower grade ores with a consequent decline in the end product of refined gold. As a side effect, the ability of mines to draw upon formerly non-economic ore bodies will serve to prolong and extend the working life of gold mines in this country and abroad.

However, this sag in production is believed to be temporary, as the high market price for gold is bringing back into production mines which formerly were not economical to operate. Thus, for the longer pull, gold production is expected to resume its upward curve on the chart.

With this as background, Secretary Dellmuth warned Pennsylvanians that buying gold is just like making any other investment - namely, that while an increase in value is hoped for, there is the offsetting possibility that loss may result.

##



17718; 12/9/1974; 2



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: December 9, 1974

Harrisburg - Pennsylvania Banking Secretary Carl K. Dellmuth announced that the maximum lawful interest rate for residential mortgages under \$50,000 in Pennsylvania will decline to 9 1/2% in January. The figure has been 9 3/4% for the past four months.

The Secretary of Banking sets the figure by adding 2.5 percentage points to the average rate on long term Government bonds as computed by the Federal Reserve Board. The latest computation was 6.93% to which is added 2.50% for a total of 9.43%, or which taken to the nearest quarter percent equals 9 1/2%.

When the variable ceiling was first established in February it was 8 3/4%, rising to 9% for March and April, 9 1/4% for May, and 9 1/2% for June through August.

##





7/8:11/3/1975:02



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE January 3, 1975

Carl K. Dellmuth, Secretary of Banking, today issued a call for the Report of Condition as of December 31, 1974 to all State banks, bank and trust companies, trust companies, savings banks and private banks.

THIS REPORT OF CONDITION MUST BE PUBLISHED.

##



1.17/8:11/13/1975: c12



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE JANUARY 13, 1975

Harrisburg - The maximum lawful interest rate for residential mortgages under \$50,000 in Pennsylvania will decline to 9 1/4% in February, it was announced by Secretary of Banking Carl K. Dellmuth. This is a drop from 9 1/2% in January, which was a retreat from 9 3/4% in December.

This figure is set by the Secretary of Banking by adding 2.5 percentage points to the average rate on long term Government bonds as computed by the Federal Reserve Board. Thus, 6.78% plus 2.5% equals 9.28%, which rounded to the nearest quarter gives 9 1/4%.

When the variable ceiling was first established in February of 1974 it was 8 3/4%, rising to 9% for March and April, 9 1/4% for May, and holding at 9 1/2% for June through August. The rate stayed at 9 3/4% in the final four months of 1974.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE February 10, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

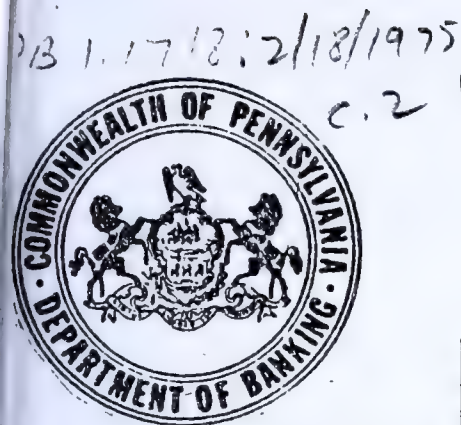
Dellmuth announced today that the maximum lawful interest rate on residential mortgages under \$50,000 in Pennsylvania will remain at 9 1/4% in March. The rate had dropped to 9 1/4% for February from 9 1/2% in January.

The variable ceiling, as established by legislation, first went into effect in February of 1974 with a rate of 8 3/4%, rising to 9% for March of 1974, and continuing at that rate in April, reaching 9 1/4% in May, holding at 9 1/2% for June, July and August, before peaking at 9 3/4% for the final four months of last year.

The figure is computed by the Banking Department, as required by law, by adding 2.5 percentage points to the average rate on long term Government bonds, an index compiled by the Federal Reserve Board in Washington. Thus, 6.68% plus 2.50% equals 9.18%, which rounded off to the nearest quarter gives the March maximum of 9 1/4%.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE February 18, 1975

Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, writing in the 1974 Annual Report of the Department of Banking issued today, covers a wide range of topics from remedial legislation to opinions with respect to financial policy matters at the Federal level as they affect financial industries in the Commonwealth.

In conjunction with the Report, the Secretary again called upon the General Assembly to liberalize Pennsylvania Law in regards to state-wide branching for commercial banks, mutual savings banks and savings and loans.

Expressing concern over the U. S. Treasury's methods of financing debit, Secretary Dellmuth commented that "The erosion visited on depository institutions by disintermediation has been heightened by the U. S. Treasury's decision to continue to offer low denomination debt instruments for sale to the smaller saver."

He added, "The contest then is just not that over the saver buying a government bond, rather than making a deposit in a savings account, but relates to the entire long-term character of our whole economy. It seems perfectly clear that a consolidation of all borrowing can only but result in a consolidation of all lending."

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION





Concerning another area of activity for the Department, Secretary Dellmuth stated that the flexible mortgage rate ceiling on home mortgages under \$50,000 has operated reasonably well but it has created a "two tier market", one for buyers under \$50,000 and another for those over that figure, which illustrates the Secretary's contention that "availability is of no less significance than rate."

During the year 1974 the Secretary noted in the Report that he had called upon banking leaders to question the theory of "growth for growth's sake". This reassessment of values was well received nationwide, as was his subsequent call for renewed faith and trust in the nation's banking system. The Secretary again stressed the need for tax relief for Pennsylvania financial institutions on a comparative basis with relief already granted business and industry generally.

Looking back on 1974, the Department chartered the first new state bank in 5 1/2 years. Also during the 12-months, the largest state-chartered commercial bank converted to a national charter. However, this was contrary to the general trend, with five national banks converting to state charter during the period, with the overall result that, combined with normal growth, total footings were at a level not far from previous totals.

However, it was observed during the year that the pace of mergers has slowed because of the sharp drop in the market value of bank stocks, as part of the general decline in security values. The result has been that in some proposed mergers in the final stages of negotiations have instead been shelved.



The Banking Bureau continues to monitor such possible banking innovations as point of sale terminals (POS) and electronic transfer systems (EFTS), "feeling that these will only develop when there is authentic public demand for such services, and when certain proposals advanced by Federal authorities have been tested in the courts."

The Savings Association Bureau, in a major effort, has urged all non-insured associations to become insured in order to be more competitive. However, it was stressed that insured associations "as a group are as well run as any in the industry."

With the Consumer Credit Bureau, during the year the greatest effort was the ongoing work in the area of consumer protection. Within the industry there is currently less pressure for loan volume and a clearer realization that each transaction must be evaluated individually. Trends point toward larger loans through the medium of consumer discount companies.

To expedite the handling of consumer complaints in general, the Department established a new section of the Department with the new consumer affairs officer, assisted by the Department counsel. An ever increasing volume of complaints are successfully being processed. A single complaint may involve 10 to 12 phone calls and two to three letters. It also may include a field investigation by examiners.

###







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE MARCH 10, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced the ceiling rate on home mortgages under \$50,000 would be 9% for April, down from 9 1/4% in March. The ceiling rate thus resumes its downward trend, which started with a drop to 9 1/2% in January from 9 3/4% in December. It had dipped to 9 1/4% in February.

This ceiling is set by the Secretary of Banking by adding 2.5 percentage points to the rate on long term Government bonds, as computed by the Federal Reserve Board in Washington. The latest long term Government rate was 6.61%, which when increased by 2.5% equals 9.11%, that rounds off to the nearest quarter as 9%.

The variable ceiling was first computed as required by law for February of 1974 at 8 3/4%, rising to 9% for March and April of last year before moving to 9 1/4% for May, then 9 1/2% for June through August, and peaking at 9 3/4% for the final four months of the year.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning Friday,  
March 21, 1975

Secretary of Banking Carl K. Dellmuth today released the consolidated statement of all State-chartered banking institutions as of December 31, 1974 compared with December 31, 1973.

Total resources of Pennsylvania's State-chartered banking institutions were \$24,868,609,772 and reflect a decrease of \$1,757,494,516, down 6.6% from December 31, 1973. The decrease resulted from the conversion to a National charter of a bank with resources of \$4,641,297,428, included in the comparable 1973 statement. By excluding the converted bank's resources from consideration, total resources as of December 31, 1974 were up 13.1% to the \$24,868,609,772 listed from \$21,986,806,860 on December 31, 1973 for an increase of \$2,881,802,912. Net operating earnings were \$206,057,322, a decrease of \$14,399,876, down 6.5% from \$220,457,198 on December 31, 1973. (Omitted from the 1973 net operating earnings figure was \$54,668,097 in net operating earnings of the converted bank.)

During this period, the number of branches increased from 978 to 1,014 (exclusive of a decrease of 84 branches in the aforementioned conversion) and total banking offices increased from 1,145 to 1,179. Five National banks converted to State charters. One new bank was chartered. Three National banks were merged with State banks. Five State banks merged with other State banks. Two State banks merged with National banks. One State bank converted to a National charter.

Attention is directed to the appended consolidated statement and compilations of important ratios.

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION

APR 8 1975







**DISTRIBUTION OF ASSETS**  
**STATE-CHARTERED COMMERCIAL BANKS**

	<u>State Average</u>
As a Percentage of Total Assets:	
Cash Assets	7.8%
Investment Securities	23.9%
Loans and Discounts (Including Federal Funds Sold)	64.6%
Real Estate Assets	1.3%
Other Assets	<u>2.4%</u>
	<u>100.0%</u>
Total Capital Accounts as a Percentage of:	
Total Assets	7.8%
Total Assets Less U.S. Government Securities and Cash Assets	9.2%
Total Deposits	9.4%
Percentage of:	
Time and Savings Deposits to Total Deposits	65.5%

**EARNINGS RATIOS OF COMMERCIAL BANKS ACCORDING TO ASSET SIZE**

	<u>Under \$10,000M</u>	<u>\$10,000M to \$25,000M</u>	<u>\$25,000M to \$100,000M</u>	<u>\$100,000M to \$250,000M</u>	<u>Over \$250,000M</u>
Net Operating Earnings to Average Total Assets	1.49%	1.21%	1.15%	.96%	.84%
Net Income After Related Taxes to Average Total Assets	1.16%	.94%	.97%	.90%	.81%
Net Income After Related Taxes to Average Total Capital Accounts	8.70%	11.73%	11.64%	10.96%	10.80%
Dividends to Average Total Capital Accounts	2.01%	2.83%	3.59%	4.17%	5.37%
Income on Loans to Average Loans	7.80%	8.17%	7.64%	8.30%	8.71%
Interest and Dividends on Securities to Average Securities	5.67%	5.61%	5.45%	5.23%	5.01%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	4.72%	5.32%	5.31%	5.62%	6.12%

**EARNINGS RATIOS ALL STATE COMMERCIAL BANKS**

	<u>1973</u>	<u>1974</u>
Net Operating Earnings to Average Total Assets	1.18%	.93%
Net Income After Related Taxes to Average Total Assets	.96%	.85%
Net Income After Related Taxes to Average Total Capital Accounts	12.21%	10.97%
Dividends to Average Total Capital Accounts	5.64%	4.81%
Income on Loans to Average Loans	8.22%	8.84%
Interest and Dividends on Securities to Average Securities	5.04%	5.13%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	5.44%	6.09%



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	December 31, 1974	December 31, 1973	Increase+ Decrease-
<b>RESOURCES</b>			
Cash, Due from Banks, etc.	\$ 1,536,696,607	\$ 2,290,399,028	\$ 753,702,421-
U.S. Government Obligations			
Direct and Guaranteed	1,817,109,473	1,793,678,686	23,430,787+
Obligations of State and			
Political Subdivisions	2,290,863,292	2,596,872,882	306,009,590-
Other Bonds, Notes, Debentures			
and Corporate Stocks	2,716,665,649	2,521,498,829	195,166,820+
Federal Funds Sold	488,710,118	593,847,868	105,137,750-
Loans and Discounts	15,186,528,035	15,884,522,723	697,994,688-
Bank Premises & Furn. & Fixt.	294,436,476	265,471,032	28,965,444+
Other Real Estate	28,512,743	19,588,866	8,923,877+
Other Resources	509,087,379	662,224,374	153,136,995-
<b>Total Resources</b>	<b>\$24,868,609,772</b>	<b>\$26,628,104,288</b>	<b>\$1,759,494,516-</b>
<b>LIABILITIES</b>			
Demand Deposits	\$ 5,096,290,171	\$ 6,327,661,668	\$1,231,371,497-
Time and Savings Deposits	16,201,856,954	15,853,602,685	348,254,269+
Federal Funds Purchased	542,880,934	1,113,105,534	570,224,600-
Borrowed Money	287,850,216	243,136,793	44,713,423+
Other Liabilities	720,514,542	955,861,272	235,346,723-
<b>Total Liabilities</b>	<b>\$22,849,392,824</b>	<b>\$24,493,367,952</b>	<b>\$1,643,975,128-</b>
<b>RESERVES ON LOANS AND SECURITIES</b>	<b>\$ 170,951,068</b>	<b>\$ 184,985,501</b>	<b>\$ 14,034,433-</b>
<b>MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES</b>	<b>\$ 865,997</b>	<b>\$ 877,344</b>	<b>\$ 11,347-</b>
<b>CAPITAL ACCOUNTS</b>			
Capital Securities	\$ 225,511,930	\$ 262,070,930	\$ 36,559,000-
Capital Stock	263,688,591	331,280,815	67,592,224-
Net Worth of Private Banks	3,535,056	2,897,960	637,096+
Surplus	982,531,540	987,795,566	5,264,026-
Undivided Profits	359,455,717	351,367,966	8,087,751+
Reserves	12,677,049	13,460,254	783,205-
<b>Total Capital Accounts</b>	<b>\$ 1,847,399,883</b>	<b>\$ 1,918,873,491</b>	<b>\$ 101,473,608-</b>
<b>Total Liabilities, Reserves and Capital Accounts</b>	<b>\$24,868,609,772</b>	<b>\$26,628,104,288</b>	<b>\$1,759,494,516-</b>
<b>RESOURCES (By type of institution)</b>			
Banks	\$ 1,218,231,403	\$ 1,177,098,158	\$ 41,133,245+
Bank and Trust Companies	16,343,680,821	18,591,265,480	2,247,584,659-
Trust Companies	8,849,224	8,605,635	243,589+
Savings Banks	7,261,679,170	6,816,350,483	445,328,687+
Private Banks	36,169,154	34,784,532	1,384,622+
<b>Total Resources</b>	<b>\$24,868,609,772</b>	<b>\$26,628,104,288</b>	<b>\$1,759,494,516-</b>
<b>TRUST FUNDS</b>	<b>\$ 9,077,110,150</b>	<b>\$10,090,159,590</b>	<b>\$1,013,049,440-</b>
<b>TOTAL DEPOSITS</b>	<b>\$21,298,147,125</b>	<b>\$22,181,264,353</b>	<b>\$ 883,117,228-</b>
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>	<b>Operating</b>	<b>Operating</b>	
	<b>Institutions</b>	<b>Branch Offices</b>	<b>Institutions</b>
Banks	59	75	63
Bank and Trust Companies	91	792	89
Trust Companies	2	0	2
Savings Banks	8	145	8
Private Banks	5	2	5
	<u>165</u>	<u>1,014</u>	<u>167</u>
			<u>278</u>







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE April 7, 1975

Harrisburg - The ceiling rate on home mortgages under \$50,000 in Pennsylvania advanced to 9 1/4% for May, from 9% in April, it was announced by Secretary of Banking Carl K. Dellmuth. This halts a decline in the ceiling that started in January when the rate dropped to 9 1/2% from 9 3/4%, and then eased off to 9 1/4% for February and March.

The ceiling is computed each month by the Department of Banking by adding 2.5% to the long term U. S. government bond rate and rounding the result to the nearest quarter. The latest rate on long term governments was 6.73%, to which is added 2.5% for a total of 9.23% or 9 1/4%.

The sliding ceiling rate was first computed as required by law for February of 1974, when it was set at 8 3/4%. Also in 1974 it was set at 9% for March and April, 9 1/4% for May, 9 1/2% for June through August, and peaking at 9 3/4% for the closing four months of that year.

####





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MAY 1, 1975

Harrisburg - James G. Novinger has been appointed to the post of a Deputy Secretary of Banking, it was announced today by Governor Milton J. Shapp.

Novinger, a career employe with the Pennsylvania Department of Banking, will, under the direction of Banking Secretary Carl K. Dellmuth, have the overall supervision of the Consumer Credit Bureau and the Savings Association Bureau. There will be no change in other personnel in the two Bureaus. The new Deputy previously was an Assistant Director of the Banking Bureau, with responsibility for the supervision of state-chartered commercial banks and mutual savings banks in the western counties of the state.

A graduate of Lebanon Valley College, Annville, Pennsylvania, with a bachelor's degree in economics, Novinger joined the Department after graduation in 1959 as an assistant bank examiner, becoming an examiner in 1963, a senior examiner in 1966, supervising examiner in 1968, and has been an assistant director of the Banking Bureau since 1969.

A resident of Hershey, Pennsylvania, he served with the U. S. Air Force in 1951-55. Married to the former Doris Landis of Hershey, they have three children, a daughter Sherry, and sons, Gray and Todd. Novinger is a member of the Society of Financial Examiners. He has taken advanced training with the Federal Reserve Board School of Examiners and with the Conference of State Bank Supervisors School of Examiners.

###







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

FOR RELEASE MAY 1, 1975

Harrisburg -- Pennsylvania Secretary of Banking Carl K. Dellmuth announced that following the formula prescribed by law, he has set the ceiling rate for June on home mortgages under \$50,000 at 9 1/2%.

This represents an increase of one quarter of one percent from the 9 1/4% rate for May, which was itself an increase of a like amount from the 9% ceiling set for April. In March and February the figure was 9 1/4%, and for January 9 1/2%.

The ceiling for this June of 9 1/2% was compiled by adding 2.50% to the rate on long term U. S. Government bonds as computed by the Board of Governors of the Federal Reserve System. This rate was 7.03% which, plus 2.50% equals 9.53%, that rounds off to 9 1/2%.

This sliding ceiling device first went into operation under law in February of 1974 when it was set at 8 3/4%, becoming 9% for March and April of that year, 9 1/4% for May, 9 1/2% for June through August, and peaking at 9 3/4% for the balance of last year.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE

FOR RELEASE May 1, 1975

Harrisburg - State-chartered savings and loans in Pennsylvania passed the \$5-billion mark in total assets for the first time in their history, according to the latest figures released today by Walter L. Brenneman, Director of the Savings Association Bureau, Pennsylvania Department of Banking. The total of \$5,294,287,295 as of December 31, 1974 compares with \$4,829,817,527 at the close of 1973. In addition, the \$5.2-billion total represents an increase of \$2.7-billion in the 10-years beginning in 1965 when overall assets amounted to \$2,508,561,930.

Director Brenneman, in his Bureau's report to the Secretary of Banking Carl K. Dellmuth, noted that again there had been a decrease in the number of savings units with a decline to 364 from 389. And again the bulk of the drop has been among the uninsured associations, which have fallen to 206 from 224. This downtrend in numbers of uninsureds, Director Brenneman remarked, is an outgrowth of Bureau policy of encouraging uninsured associations to either become insured or to join with insured units.

This reduction in uninsured associations is apparent even more strikingly in the 10-year figures. In 1965 there were 416 uninsured associations with \$473,324,654 in total assets, compared to the 206 associations at the close of 1974 with assets of \$255,833,560.





By contrast, Director Brenneman commented, insured associations increased assets from \$2,035,237,276 in 1965 to \$5,038,454,365 at the close of 1974. The number of insured units also dropped to 158 from 192. However, Brenneman said this drop was a reflection of structural trends in the industry favoring larger multi-office associations.

First mortgage loans held by a total of 364 state-chartered savings and loans amounted to \$4,604,773,765 versus \$4,167,263,126, by 389 associations a year earlier. Total savings amounted to \$4,439,274,303, as compared to \$4,056,880,517, and net worth is \$342,440,363 against \$309,812,460. Net worth is made up of total general reserves of \$224.6-million and undivided profits of \$117.8-million at the close of 1974.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE SUNDAY & MONDAY -  
MAY 11 - 12, 1975

### DELLMUTH SEES "UNISEX" THREAT TO BANKING

Harrisburg - Certain financial institutions are falling prey to the "unisex" trend. The seemingly unsatiable appetite that each type of institution has to acquire powers possessed by the others may well strip all of them of their unique attributes and reduce the financial community to bland uniformity.

Pennsylvania Secretary of Banking Carl K. Dellmuth, in making this observation, added that the present demands for additional powers by commercial banks, mutual savings banks and savings and loan associations might well lead to a uniformity of operations never before experienced in our long history.

For years, the thrift industries have coveted the right to offer checking account and/or consumer finance services to their customers, and in some states they have already succeeded.

On the other hand, the commercial banking industry has taken on a belated but vigorous interest in savings accounts and mortgages -- two services they heretofore defaulted to the thrift industries.

These examples help to illustrate some of the present ferment which is now breaking out for public evaluation.

While this inter-industry debate continues, federal and state authorities and study groups have become increasingly aware of the prospect for change, even though there is no general agreement on what these precise changes should be.





Complicating these broad issues are the intra-industry debates themselves. For example, some components of the thrift industries do not want consumer finance and checking account privileges, while some components of the commercial banking industries openly oppose any change which would permit them to pay the same savings interest as thrift institutions. As a consequence, trade association executives are hard pressed to develop any consensus within their respective families.

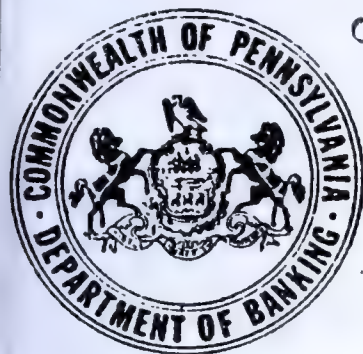
While all of the foregoing has been taking place, at least two other members of the financial community - namely credit unions and consumer finance companies - have been lurking on the sidelines wondering what course to pursue. Each have different reasons.

The credit union movement for the most part is vigorous and growing. At the same time, the consumer finance industry is bewildered and splintered - the victims of high interest rates.

It is difficult - if not impossible - to predict precisely what the outcome will be. It seems highly unlikely that the involved industries will resolve their differences among themselves. Government action at the federal and state levels has already been stepped up and will likely increase still more. Already, there is substantial evidence that Federal authorities are moving to disregard state laws.

It is no less than an empty phrase to say we are going to have change when indeed that very change is now taking place. Prudent industry leaders will have to decide how much they are willing to give up to gain their separate objectives. When the dust settles we may well see a continuing trend toward uniformity in the ground rules under which our financial institutions compete - a degree of uniformity which few can conceive at this point in time.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg, Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE MAY 12, 1975

Harrisburg - The Pennsylvania Banking Department's ongoing effort to have insured accounts for depositors in all forms of depository institutions is reflected in recent figures for Pennsylvania chartered credit unions.

Robert J. Sarsfield, acting director, Consumer Credit Bureau, Pennsylvania Department of Banking, in his latest report to Secretary of Banking Carl K. Dellmuth, pointed out that 40 per cent of the 162 state-chartered institutions have deposit insurance as of December 31, 1974. This compares with 28 per cent of 148 state-chartered credit unions at the close of 1973. Accounts to \$40,000 are insured by the National Credit Union Administration under arrangements similar to the FDIC for banks and to the FSLIC for savings and loans.

Total assets of Pennsylvania's 162 state-chartered credit unions amounted to \$124-million, as compared to \$113.4-million in assets, reported by 148 state-chartered credit unions a year earlier.

Sarsfield stated that as of December 31, 1974, the 162 credit unions had a membership of 155,678, up from a membership of 143,884 at the close of 1973. Loans outstanding to members increased to \$83.8-million from \$76-million, with the number of borrowers rising to 71,759 up from 68,530. Outstanding first mortgage loans amounted to \$5.7-million vs. \$5.5-million. Investments were \$21.5-million, as compared to \$19.8-million.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

It was noted in the report that interest on loans or earned discount in 1974 totaled \$8.2-million, an increase over the \$7.4-million listed for 1973. Total income for the past year, including income from investments, amounted to \$10.4-million, up from \$9.2-million in 1973.

Dividends paid to members in the 12-months amounted to \$5-million versus \$4.2-million the year before. At the same time, \$831,522 was added to reserves to bring the reserve fund to \$8.2-million. In 1973 the amount added to the reserve fund was \$1-million to bring the total to \$7.6-million. Charge-offs in 1974 were \$446,833 vs. \$623,045. However, in 1973 the amount of charged-off loans recovered amounted to \$380,923.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MAY 13, 1975

Harrisburg - At the appropriate time, a suit seeking injunctive relief from the new regulations of the Comptroller of the Currency that authorize national banks to establish Customer-Bank-Communication-Terminals (CBCTs) without regard to state laws or state lines will be filed by Pennsylvania Secretary of Banking Carl K. Dellmuth.

Explaining his projected court action, the Secretary commented that the Comptroller, in authorizing CBCTs by national banks anywhere within 50 miles of a main office or 50 miles of a branch office, clearly violates Pennsylvania's Banking Code that permits branching only into counties contiguous to the county in which the bank has its main office.

Secretary Dellmuth also stated that the regulations allowing out-of-state national banks to enter Pennsylvania likewise is a definite infringement of the state's banking code.

Seeing the Comptroller's drastic action from still another aspect, Secretary Dellmuth also said that the new regulations, if allowed to prevail, would seriously harm the competitive position of state-chartered banks, as well as other state-chartered financial institutions.

According to the Secretary, this recent regulation of the Comptroller's is representative of a dangerous philosophy offering the proposition that Federal agencies have the right to take action on



behalf of institutions they supervise without regard to their effect upon state regulated institutions or without regard to state law.

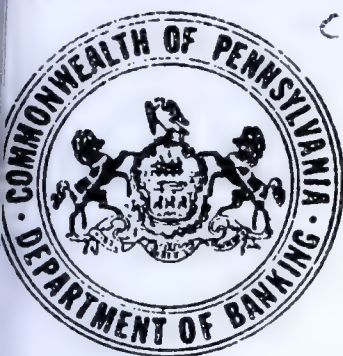
Secretary Dellmuth observed that in this instance the initial thrust of these regulations when first proposed was that they would keep national banks competitive with Federally-chartered savings and loans. The Secretary remarked that it is shameful that regulations harmful to state-chartered institutions should be promulgated unilaterally by Federal agencies, who seem absolutely indifferent to the dangers and the damage their jockeying for position may cause to others.

The Secretary points out that in the past decade there has been a virtually constant state of guerrilla warfare between state-chartered and Federally-chartered institutions as the result of the high-handed methods of various Federal supervisory agencies. This latest regulation by the Comptroller is but another example of a regulatory agency testing its potential power in complete disregard for states' rights.

Secretary Dellmuth concluded his statement by predicting that before the case for CBCTs is finally decided, the controversy is likely to linger until the U. S. Supreme Court has rendered its verdict.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MAY 15, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

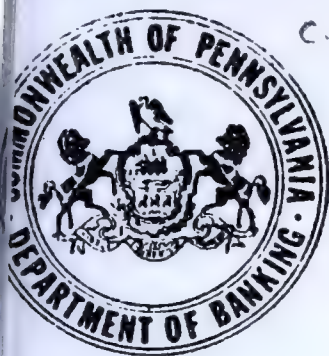
Dellmuth welcomed the Citizens & Northern National Bank and Trust Co. into the state banking system as the Citizens & Northern Bank, Ralston, Pa., effective today, Thursday, May 15.

The institution, with resources in excess of \$76-million, is the first conversion of a national bank to a state charter so far this year. In 1974 there were five conversions of national banks to state banks.

Elwyn S. Lewis is chairman and William K. Francis is president and chief executive officer of Citizens & Northern, which was established in 1864. With headquarters in Ralston, Lycoming County, it has other offices in Tioga County at Elkland, Knoxville, Liberty, Tioga and Wellsboro, as well as in Bradford County at Monroeton, Troy and Wysox.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: JUNE 2, 1975

Harrisburg - The ceiling rate on home mortgages under \$50,000 in Pennsylvania remains unchanged at 9 1/2% for July, it was announced by Carl K. Dellmuth, Secretary of Banking.

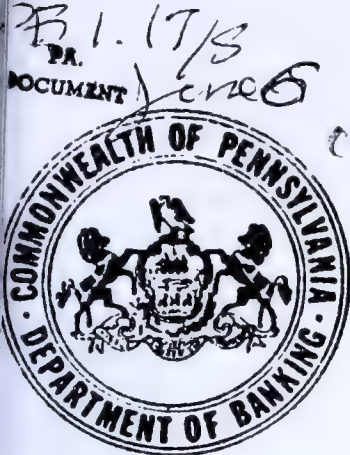
The 9 1/2% rate, the same as in June, was computed by the Banking Department as required by law by adding 2.50 percentage points to the rate on long term government securities which is supplied by the Federal Reserve Board in Washington. The rate on long term governments was 6.99%, to which was added 2.50%, for a total of 9.49%, which rounds off to 9 1/2%.

June's ceiling rate of 9 1/2% was an increase from the May figure of 9 1/4%. For April the ceiling was 9%. In March and February it was 9 1/4% and in January 9 1/2%. When the moving ceiling was first put in operation in February of 1974 the rate was 8 3/4%, becoming 9% in March and April of the same year, 9 1/4% in May, 9 1/2% in June through August and 9 3/4% for the balance of 1974.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning Friday,  
June 6, 1975

FRANKLIN & MARSHALL  
COLLEGE LIBRARY

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of State-chartered banking institutions as of April 16, 1975.

Total resources of Pennsylvania's State-chartered banks were \$25,365,228,948 and reflect a decrease of \$2,204,493,617 down 7.9% from April 24, 1974. This decline resulted from the conversion to a National charter of a State bank with resources of \$4,462,644,532 included in the comparable 1974 statement. By omitting the converted bank's resources from consideration, total resources as of April 16, 1975 were up 9.8% to the \$25,365,228,948 listed from \$23,107,078,033 for an increase of \$2,258,150,915.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 63.9%; Securities Investments - 24.4%; Cash and Due from Banks - 8.2%; and all other resources - 3.5%. The ratio of total capital accounts to total deposits is 9.8%. The loans to deposit ratio is 78.2%. The total capital accounts to total resources ratio is 8.0%.

During this period the number of branches increased from 1,008 to 1,027 and banking offices now total 1,191.



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	<u>April 16, 1975</u>	<u>April 24, 1974</u>	<u>Increase+</u> <u>Decrease-</u>
<u>RESOURCES</u>			
Cash, Due from Banks, etc.	\$ 1,532,784,378	\$ 1,650,495,037	\$ 117,710,659-
U. S. Government Obligations	1,964,771,925	1,815,410,648	149,361,277+
Direct and Guaranteed			
Obligations of State and	2,326,970,293	2,780,354,975	453,384,682-
Political Subdivisions			
Other Bonds, Notes, Debentures	2,916,430,647	2,738,665,210	177,765,437+
and Corporate Stocks			
Federal Funds Sold	682,749,629	663,490,406	19,259,223+
Loans and Discounts	15,149,818,829	16,941,683,562	1,791,864,733-
Bank Premises & Furn. & Fixt.	301,832,496	291,478,050	10,354,446+
Other Real Estate	28,883,175	18,997,643	9,885,532+
Other Resources	460,987,576	669,147,034	208,159,458-
Total Resources	<u>\$25,365,228,948</u>	<u>\$27,569,722,565</u>	<u>\$2,204,493,617-</u>
<u>LIABILITIES</u>			
Demand Deposits	\$ 4,867,114,260	\$ 5,504,810,799	\$ 637,696,539-
Time and Savings Deposits	16,631,147,433	16,668,386,269	37,238,836-
Federal Funds Purchased	857,987,419	1,669,285,785	811,298,366-
Borrowed Money	209,308,550	326,062,929	116,754,379-
Other Liabilities	739,929,379	1,160,663,852	420,734,473-
Total Liabilities	<u>\$23,305,487,041</u>	<u>\$25,329,209,634</u>	<u>\$2,023,722,593-</u>
RESERVES ON LOANS			
AND SECURITIES	<u>\$ 172,623,017</u>	<u>\$ 192,697,848</u>	<u>\$ 20,074,831-</u>
MINORITY INTEREST IN			
CONSOLIDATED SUBSIDIARIES	<u>\$ 851,753</u>	<u>\$ 879,899</u>	<u>\$ 28,146-</u>
<u>CAPITAL ACCOUNTS</u>			
Capital Securities	\$ 225,342,930	\$ 309,605,931	\$ 84,263,001-
Capital Stock	267,023,646	344,463,889	77,440,243-
Net Worth of Private Banks	3,864,378	3,206,614	657,764+
Surplus	995,863,929	1,015,977,523	20,113,594-
Undivided Profits	376,873,851	361,034,373	15,839,478+
Reserves	17,298,403	12,646,854	4,651,549+
Total Capital Accounts	<u>\$ 1,886,267,137</u>	<u>\$ 2,046,935,184</u>	<u>\$ 160,668,047-</u>
Total Liabilities, Reserves			
and Capital Accounts	<u>\$25,365,228,948</u>	<u>\$27,569,722,565</u>	<u>\$2,204,493,617-</u>
<u>RESOURCES (by type of institution)</u>			
Banks	\$ 1,251,301,536	\$ 1,202,203,761	\$ 49,097,775+
Bank and Trust Companies	16,400,825,895	19,287,391,497	2,886,565,602-
Trust Companies	8,856,947	8,692,355	164,592+
Savings Banks	7,668,673,833	7,036,135,401	632,538,432+
Private Banks	35,570,737	35,299,551	271,186+
Total Resources	<u>\$25,365,228,948</u>	<u>\$27,569,722,565</u>	<u>\$2,204,493,617-</u>
TRUST FUNDS	<u>\$ 9,797,235,621</u>	<u>\$10,581,095,730</u>	<u>\$ 783,860,109-</u>
TOTAL DEPOSITS	<u>\$21,498,261,694</u>	<u>\$22,173,197,068</u>	<u>\$ 674,935,374-</u>
<u>NUMBER OF INSTITUTIONS</u>			
AND BRANCH OFFICES	<u>Institutions</u>	<u>Operating</u> <u>Branch Offices</u>	<u>Institutions</u> <u>Operating</u> <u>Branch Offices</u>
Banks	59	75	63                  72
Bank and Trust Companies	90	798	91                  802
Trust Companies	2	0	2                    0
Savings Banks	8	152	8                    132
Private Banks	5	2	5                    2
	<u>164</u>	<u>1,027</u>	<u>169</u> <u>1,008</u>





COMMONWEALTH OF PENNSYLVANIA JUN 11 1975  
DEPARTMENT OF BANKINGMilton J. Shapp  
Governor433 Education Bldg  
Harrisburg Pa 17120Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: JUNE 11, 1975

Harrisburg - A serious outflow of deposits (disintermediation) can happen again to the thrift industry, was the warning voiced by Pennsylvania Secretary of Banking Carl K. Dellmuth. He made this statement in advance of the Spring Managers' Conference of the Pennsylvania Savings and Loan League meeting in Bedford Springs, Pennsylvania, June 15 - 17.

The Secretary of Banking made this observation in the light of the request made recently by U. S. Treasury Secretary Simon that he be empowered to remove the 6% ceiling rate on U. S. Savings Bonds. This request to remove a ceiling, Secretary Dellmuth said, might invite the most threatening competition at the very time Federal regulatory authorities keep the lid on ceilings for savings and loans and other depository institutions in the private sector.

While he is aware the present savings inflow into the nation's savings and loans is setting new records, Secretary Dellmuth cautioned that the thrift industry generally should not forget past periods of record outflows. While rates now paid on savings are competitive, the picture can change drastically as it has in the past.

In this regard, he urged that the thrift industry make known their concern to their Congressional representatives. Secretary Dellmuth said that now is the time to take a strong stand and not wait for the commission of the deed. By that time it might be too late.

Although some observers feel that Treasury Secretary Simon's request is only for standby authority, which would not be used under current circumstances, the Pennsylvania Secretary of Banking said that the Treasury



"should not be provided with this loaded gun even if it doesn't intend to pull the trigger at the present time."

Secretary Dellmuth has long been a proponent of the idea that the entire U. S. Savings Bonds program should be phased out. Well intentioned and useful as a war-time measure, the Secretary feels that these funds should now be channelled through the established depository industries. When this happens, the new inflow of money into these depository industries would be applied to residential home financing and even flow back to the Treasury in the form of greater purchases of high denomination Government bonds. In this respect, Secretary Dellmuth feels the Treasury is justified in seeking rates on long term Government bonds which are competitive in the market place.

He realizes that the U. S. Savings Bonds program represents approximately a quarter of the national debt, but feels that the nation would benefit if this massive flow of funds were channelled through privately managed financial institutions. Secretary Dellmuth feels that, at least in peace-time, the continuance of the Treasury in active competition with the entire broad spectrum of the nation's financial institutions is divisive and uncalled for.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

LIBRARY  
DEPARTMENT OF COMMERCE  
JUL 2 1975

## NEWS RELEASE

17/8: 1975/7/2c.1

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE July 2, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced today that the ceiling rate on home mortgages under \$50,000 would decline to 9 1/4% for August, down from 9 1/2% in July.

The decrease brings the ceiling down to the same level that was set for May, and follows two months at which the rate was at 9 1/2%. In April the figure was 9%, March and February 9 1/4%, and January 9 1/2%. The moving ceiling first went into operation in February of 1974 with a rate of 8 3/4%, which became 9% that March and April, 9 1/4% in May, 9 1/2% in June through August, and holding at 9 3/4% for the balance of 1974.

The ceiling rate for this August was computed as required by law by adding 2.50% to the long term Government bond rate of 6.86%, for a total of 9.36%, which rounded off to the nearest quarter amounts to 9 1/4%.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: AUGUST 4, 1975

Harrisburg - The ceiling rate on mortgages under \$50,000 in Pennsylvania moved back up again to 9 1/2% for September, it was announced by Pennsylvania Secretary of Banking Carl K. Dellmuth. This compares with 9 1/4% for August. The figure for June and July was 9 1/2%.

The Banking Department computes the ceiling rate by legislative mandate. This computation calls for adding 2.5% to the yield rate on long term Government bonds as provided by the Federal Reserve Board. Thus, 2.5% was added to 6.89% for a total of 9.39%, which rounds off to the nearest quarter at 9 1/2%.

Records show that the ceiling was 9 1/2% in January of this year, 9 1/4% in February and March, 9% in April and 9 1/4% in May. Begun in 1974, the ceiling in February of that year was 8 3/4%, moving to 9% in March and April, 9 1/4% in May, 9 1/2% in June, July and August and 9 3/4% for the balance of that year.

##





LIBRARY AUG 15 1975

DEPARTMENT OF COMMERCE

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

AUG 7 1975

Milton J. Shapp  
Governor433 Education Bldg  
Harrisburg Pa 17120Carl K. Dellmuth  
Secretary

## NEWS RELEASE

.17/8: 1975 8/6.c.2

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE August 6, 1975

Harrisburg - With the objective of rejuvenating rundown inner city areas and halting the erosion in other sectors of core cities, Pennsylvania Secretary of Banking Carl K. Dellmuth has suggested a mortgage guarantee program, funded with a minimum of state money.

Secretary Dellmuth envisions a program of private initiative, bringing together home buyers and small investors with traditional lenders, backed by the cooperation of city and state authorities in a matching mortgage guarantee funding. According to Dellmuth, this approach would avoid the creation of a cumbersome self-perpetuating bureaucracy by bringing borrowers and lenders into direct contact through the minimal use of existing state agencies.

As Dellmuth sees it, every dollar in a guarantee fund should be able to attract not less than ten dollars in mortgage money to help solve the problems of declining neighborhoods. It could be expected that the risk exposure would closely follow the nationally known Veterans Administration guaranteed mortgage operation, where delinquency ratios run in the neighborhood of 3.5%. Dellmuth pointed out that not only should these new funds be made available to would-be home buyers and small investors, but likewise, residents of these areas should have access to funds for remodeling. Dellmuth commented that the problem of improving and restoring neighborhood vitality is not only one of bringing in new people with new perspectives, but also one of encouraging present residents to fix up their properties.



Overall, the Banking Secretary said, the goal should be to serve the home buyer in the modest price range, and also the small real estate investor who would like to invest his savings in the neighborhood in which he or members of his family already live or own real estate.

Secretary Dellmuth wants the decision making kept at the local level and thus avoid the pitfalls that have tripped so many Federally subsidized programs, as the decision makers were further and further removed from the scene of action. To this end, he feels that with a minimum of city and state supervision, the lending decisions should be left to people in close touch with the actual scene.

For the good of everyone concerned with such a program, Dellmuth commented there must be the realization that certain loans cannot be made and that some areas of some cities are outside the reach of any such down-to-earth program such as this envisions. He added that the need of a borrower is not necessarily a measure of the borrower's ability to manage a loan. Thus, to make a loan to a borrower unable to handle the situation, while on the surface a generous gesture can in reality be a destructive act. Even as New York City has found, needs must be balanced by common sense.

While the heart of the proposal has as its main objective the encouragement of inner city home ownership by people of modest means, either through new purchases or the rehabilitation of property already owned, Dellmuth also would like to encourage the small investor in real estate.

Experience has shown that these individual small investors are a strong element in holding a neighborhood together, keeping it livable, and in restoring rundown property. Secretary Dellmuth remarked that here again we see the benefit of direct action by the individual





owner, who frequently does much of the maintenance and restoration himself or through members of his family or friends. This can be especially true of real estate owners who are themselves workers in some phase of the construction industry.

These people, both as homeowners themselves but also as investors, Dellmuth said, provide a spirit of enterprise and renewal that is just as important as the investment of their hard earned savings. In their activity, they are able to provide good low-cost housing to a market which can secure it in no other way. Time and again, he said, direct government intervention, either by the state or federal government, has shown it is incapable of meeting this problem at reasonable cost.

Secretary Dellmuth said it is surprising that the role of the small real estate investor has been somewhat neglected. This has been a mistake, for he has traditionally played an important role in the turnover of residential real estate in the cities. It is only within the past several decades that this pattern of renewal and rehabilitation has stalled. This type of real estate activity had for many years been an especially prominent feature of city areas in which ethnic minorities found their homes.

To a limited degree, this same phenomenon is also becoming apparent among newly arrived immigrants, that is, those coming to the United States in the past 10 to 20 years, who because of language barriers or other reasons, prefer to structure their lives around closely knit neighborhoods. Many of these from the very beginning have shown a preference to remodeling older homes to the regimentation of public housing. The narrow, crowded streets of some of our older cities in many areas thus are acquiring a vitality that cannot be created by governmental directive.

As in the plush Society Hill section of Philadelphia, so in many more modest sectors of that city and other cities, these neighborhood groupings are showing that they answer a long felt human need.



Secretary Dellmuth made the point that in this respect state and city assistance should be channeled to help people do what they want to do. He said this makes for good sense and sound investment.

Certainly, in this period of continued inflation, the Secretary explained, the traditional investment in real property is more attractive to many than at any time in recent years. This is especially true for those who may only be a generation or so removed from being immigrants. In many nations of the world, an investment in real estate is considered the basis of any family fortune. Those coming to this country for the first time are generally surprised at the ease with which people of even modest means can purchase real property.

The Banking Secretary said that perhaps one of the more attractive aspects of the whole undertaking is that it is a direct people to people thing - lender to borrower. He added, in addition, it has going for it clear and hopefully realizable goals, and does not promise the impossible to all men. Dellmuth commented that too frequently in the past, grandiose housing projections promised what was obviously undeliverable and thus lost credibility.

In conclusion, Secretary Dellmuth said, the dimensions of the program should call for a relatively modest investment by the state. At the same time, he explained that if the program's advantages provide the self-energizing factor that we will expect, it will be easy to expand it to fit the needs as they develop. In actual practice, the Secretary remarked, should the program generate the momentum we hope for, the guarantee aspect will have but a limited call on the state's purse. Rather, it would provide a liberalized effect to bring forth lenders that have in the past been reluctant to enter areas of high risk. Rehabilitation and renewal, the Secretary said, will of themselves reduce risk.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE JUNE 26, 1975

Harrisburg -- Helen I. Czerwinsky retired this week from the Pennsylvania Department of Banking after compiling an unusual record of 43 years of continuous state service all with the Department, and also all in the Department's Banking Bureau. She was honored today (Thursday, June 26) by members of the Department at a luncheon held at Castiglia's Restaurant. Taking part in the testimonial was Secretary of Banking Carl K. Dellmuth and other senior officials of the Department.

Miss Czerwinsky came to Harrisburg as a teenager after her graduation from high school in Washington County. She attended Beckley College in Harrisburg in preparation for a teaching career, but, after graduation, found herself too young to teach and entered state employment on a temporary basis.

When she joined the Department, the Honorable William D. Gordon was Secretary of Banking and the Banking Department was located in the Blackstone Building on Market Street. During her career she served as secretary to Deputy Secretary of Banking Fred Wigfield, Jr. for nearly a quarter of a century. Most recently she has been confidential secretary to an assistant director of the Banking Bureau. Saying that "43 years doesn't seem that long", Miss Czerwinsky said she has not thought of any particular plans for her retirement.

####





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: July 2, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced today that the ceiling rate on home mortgages under \$50,000 would decline to 9 1/4% for August, down from 9 1/2% in July.

The decrease brings the ceiling down to the same level that was set for May, and follows two months at which the rate was at 9 1/2%. In April the figure was 9%, March and February 9 1/4%, and January 9 1/2%. The moving ceiling first went into operation in February of 1974 with a rate of 8 3/4%, which became 9% that March and April, 9 1/4% in May, 9 1/2% in June through August, and holding at 9 3/4% for the balance of 1974.

The ceiling rate for this August was computed as required by law by adding 2.50% to the long term Government bond rate of 6.86%, for a total of 9.36%, which rounded off to the nearest quarter amounts to 9 1/4%.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg, Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE JULY 10, 1975

Harrisburg - From the state which nurtured many of this nation's original financial institutions, Pennsylvania Secretary of Banking Carl K. Dellmuth has expressed renewed strong support for anti-discrimination in all aspects of financial life. In a statement to chief executive officers of all financial institutions under the Banking Department's supervision, he substantially broadened a policy pronouncement issued a year earlier.

In again calling for clear-cut decisions in this area, the Secretary voiced his opinion that most, if not all institutions, are observing both the letter and spirit of this effort as a matter not only of good ethics, but also of good business. His letter to all state regulated financial institutions follows:

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

CARL K. DELLMUTH  
SECRETARY OF BANKING

July 9, 1975

TO THE CHIEF EXECUTIVE OFFICER:

There are, from time to time, rumors and allegations that one financial institution or another has acted discriminatorily. Accordingly, I think it behooves me to reaffirm the commitment of the Department of Banking to the universal application in the financial community of the rule of equal opportunity. Although this rule requires no special occasion to be remembered, it does assume an added significance as we approach our Bicentennial.

Much of American history bears testimony to our struggle to forge a national unity from a richly diverse population. Equality of opportunity, a touchstone of American jurisprudence, is the glue that binds together what national unity we have. Prejudicial discrimination, the antithesis of equality, sets one person against another and one group against another. Equality of opportunity builds a nation and keeps it vibrant; prejudicial discrimination saps a nation's vital energies and tears it down.

The American financial community--its commercial banks, savings banks, savings associations, loan companies and similar institutions--are the hub of America's commerce and industry; and commerce and industry have been so very essential to the internal welfare and prosperity of America and America's success and prominence in the society of nations. It is in large measure because of the integral role that such financial institutions play in the American venture--theirs is singularly a "business affected with a public interest"--that they have been subjected to government regulation and supervision. Part of that regulation and supervision is aimed at ensuring America that the operation of its financial institutions will be guided by, and will reflect, equality of opportunity.

A cardinal principle of the operation of financial institutions is, and ought to be, that none of its policies or practices shall be premised upon or reflect discrimination on account of race, religion, color, creed, sex or any other criterion which the law recognizes as repugnant to equality





of opportunity. In all matters connected with a financial institution and its business, customers, stockholders, officers and directors, the institution must scrupulously avoid any policy or practice which, directly or indirectly, is based upon or evidences any prejudicial discrimination of any sort.

We in the Department of Banking shall do all within our power and authority to ensure that both the internal affairs and the external conduct of each financial institution subject to our jurisdiction and supervision are free of any consideration or manifestation of unlawful prejudice. I sincerely hope that the voluntary cooperation of all financial institutions will obviate any need for the Department's preoccupation with the enforcement of a principle that is a prerequisite to the charter and license that these public service institutions enjoy in the American scheme. But we in the Department will expend whatever time and energy is necessary to achieve the result of equality of opportunity in the realm where we have a direct responsibility for that goal.

I trust that the Department will have the wholehearted support and cooperation of you and your institution in this matter.

Cordially,

A handwritten signature in dark ink, appearing to read "Paul H. Belmont". The signature is fluid and cursive, with a long horizontal stroke at the end.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE JULY 22, 1975

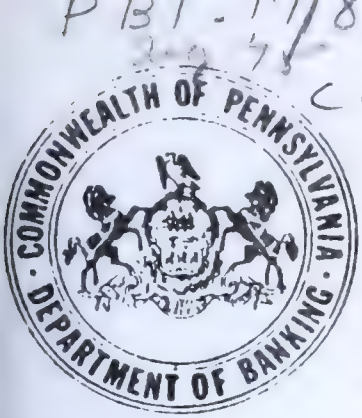
Harrisburg - The Pennsylvania Senate has confirmed Carl K. Dellmuth as Secretary of Banking by a vote of 49-0. The vote was the only unanimous tally received by any appointee passed upon by the State Senate in the recent round of confirmation decisions. The required vote is 34 or two-thirds of the Senate.

Secretary Dellmuth, former President of The Fidelity Bank, Philadelphia, has served two and a half years as the head of the Pennsylvania Banking Department, with his previous appointments on an interim basis. The results of the election earlier this year provided for the elimination of the continued use of interim appointments.

The confirming vote for Secretary Dellmuth on July 21st followed a two-hour open hearing on his nomination before the Senate Business and Commerce Committee under the chairmanship of Senator Edward P. Zemprelli (D-Allegheny). The hearing was held at the request of Senator John P. Sweeney (D-Delaware) who sought to create the precedent of Senate hearings for major appointed officials. When the nomination came to the floor of the Senate, Senator Sweeney was one of two senators who spoke on behalf of the Secretary on the basis of being from the Secretary's home district. Also speaking on behalf of the Secretary was Senator Henry G. Hager (R-Lycoming).







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: August 15, 1975

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of State-chartered banking institutions as of June 30, 1975.

Total resources of Pennsylvania's State-chartered banks were \$25,923,957,650 on June 30, 1975 and reflect an increase of \$2,350,980,861 (9.9%) compared to June 30, 1974.

Increases of \$2,328,017,644 in deposits and \$162,541,038 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$823,577,354 in loans and \$767,651,111 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 63.6%; securities investments - 24.4%; cash and due from banks - 8.3%; and all other resources - 3.7%. The ratio of total capital accounts to total deposits is 9.7%. The loans to deposit ratio is 72.9%. The total capital accounts to total resources ratio is 8.1%.

During this period the number of branches increased from 931 to 1,059 and total banking offices from 1,097 to 1,224.



DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	June 30, 1975	June 30, 1974	Increase+
<u>RESOURCES</u>			<u>Decrease-</u>
Cash, Due from Banks, etc.	\$ 1,626,533,479	\$ 1,263,663,474	\$ 362,870,005+
U.S. Government Obligations	2,067,654,103	1,737,243,844	330,410,259+
Direct and Guaranteed			
Obligations of State and	2,350,307,269	2,339,866,710	10,440,559+
Political Subdivisions			
Other Bonds, Notes, Debentures	3,081,818,494	2,655,018,201	426,800,293+
and Corporate Stocks			
Federal Funds Sold	707,438,281	457,737,358	249,700,923+
Loans and Discounts	15,243,127,890	14,419,550,496	823,577,394+
Bank Premises & Furn. & Fixt.	301,128,496	264,114,490	37,014,006+
Other Real Estate	27,557,423	19,236,000	8,321,423+
Other Resources	518,392,215	416,546,216	101,845,999+
	<u>\$25,923,957,650</u>	<u>\$23,572,976,789</u>	<u>\$2,350,980,861+</u>
<u>LIABILITIES</u>			
Demand Deposits	\$ 4,997,741,818	\$ 4,640,912,026	\$ 356,829,792+
Time and Savings Deposits	17,148,645,421	15,177,457,569	1,971,187,852+
Federal Funds Purchased	698,675,242	874,748,614	176,073,372-
Borrowed Money	199,234,639	262,013,211	62,778,572-
Other Liabilities	782,592,275	708,268,767	74,323,508+
	<u>\$23,826,889,395</u>	<u>\$21,663,400,187</u>	<u>\$2,163,489,208+</u>
RESERVES ON LOANS			
AND SECURITIES	<u>\$ 175,049,582</u>	<u>\$ 150,043,378</u>	<u>\$ 25,006,204+</u>
MINORITY INTEREST IN			
CONSOLIDATED SUBSIDIARIES	<u>\$ 826,961</u>	<u>\$ 882,550</u>	<u>\$ 55,589-</u>
<u>CAPITAL ACCOUNTS</u>			
Capital Securities	\$ 227,160,930	\$ 217,530,930	\$ 9,630,000+
Capital Stock	272,223,246	252,568,712	19,654,534+
Net Worth of Private Banks	4,030,694	3,527,172	503,522+
Surplus	1,013,807,913	936,603,701	77,204,212+
Undivided Profits	387,909,955	338,068,905	49,841,050+
Reserves	16,058,974	10,351,254	5,707,720+
	<u>\$ 1,921,191,712</u>	<u>\$ 1,758,650,674</u>	<u>\$ 162,541,038+</u>
Total Liabilities, Reserves			
and Capital Accounts	<u>\$25,923,957,650</u>	<u>\$23,572,976,789</u>	<u>\$2,350,980,861+</u>
<u>RESOURCES (By Type of Institution)</u>			
Banks	\$ 1,287,985,301	\$ 1,222,426,659	\$ 65,558,642+
Bank and Trust Companies	16,606,972,855	15,204,722,603	1,402,250,252+
Trust Companies	9,042,449	8,822,293	220,156+
Savings Banks	7,971,890,800	7,099,563,790	872,327,010+
Private Banks	48,066,245	37,441,444	10,624,801+
	<u>\$25,923,957,650</u>	<u>\$23,572,976,789</u>	<u>\$2,350,980,861+</u>
<u>TRUST FUNDS</u>	<u>\$ 9,099,038,412</u>	<u>\$ 8,254,133,976</u>	<u>\$ 844,904,436+</u>
<u>TOTAL DEPOSITS</u>	<u>\$22,146,387,239</u>	<u>\$19,818,369,595</u>	<u>\$2,328,017,644+</u>
<u>NUMBER OF INSTITUTIONS</u>			
<u>AND BRANCH OFFICES</u>	<u>Institutions</u>	<u>Operating</u>	<u>Operating</u>
		<u>Branch Offices</u>	<u>Branch Offices</u>
Banks	59	76	62
Bank and Trust Companies	91	825	89
Trust Companies	2	0	2
Savings Banks	8	156	8
Private Banks	5	2	5
Totals	165	1,059	166

SEP 9 1975

RECEIVED  
SEP 9 1975





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

AUG 28 1975

Milton J. Shapp  
Governor433 Education Bldg  
Harrisburg, Pa 17120Carl K. Dellmuth  
Secretary

## NEWS RELEASE

31.17/8:1975/8/27 c.2

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE AUGUST 27, 1975

Harrisburg -- Saying that the key to good commercial lending is stress on good corporate management on the part of the borrower, E. Anthony Newton, Senior Vice President, The Philadelphia National Bank, told the 1975 Bank Examiners' Conference of the Pennsylvania Department of Banking that the medium sized corporations are considered among the Bank's best customers.

The Conference of Examiners held in Harrisburg this week was attended by the nearly 100 bank examiners that examine State-chartered commercial banks and mutual savings banks throughout Pennsylvania. Chairman of the Conference was William J. Beatty, Director of the Department's Banking Bureau.

Newton, who is in charge of commercial lending for PNB in a four-state-area including Pennsylvania, made the point that in evaluating management his staff strives to build relationships with corporate officers at many levels and not just with the company's financial officer. In picking out medium sized companies as favorites, Newton said he feels that these companies with their growth potential coupled with their ability and willingness to use the most sophisticated of banking services provide an area which can best be developed and nurtured by his institution. He said middle rank companies are those in the \$10-million to \$200-million range.

Speaking on the Automated Clearing House, Richard D. Weber, Executive Vice President, Third District Funds Transfer Association, Philadelphia, explained the evolution of automated clearing houses which are now going into operation across the nation.

John B. Toppin, Executive Deputy Secretary of Banking, updated the examiners on the latest legislative developments and the changing scene as related to CBCT's and EFTS and electronics in general as related to banking in Pennsylvania.

Department Counsel, Marvin M. Witofsky, spoke on the complex aspects of the State's usury laws.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: September 2, 1975

Harrisburg - Robert S. Closkey, Assistant Review Examiner in the Harrisburg headquarters of the Pennsylvania Department of Banking, has been awarded a diploma at the recent commencement exercises of The Graduate School of Banking at the University of Wisconsin, Madison, Wisconsin. A graduate of Wilkes College, Wilkes-Barre, Pennsylvania, Mr. Closkey joined the Department early in 1970.

Graduation from the Graduate School of Banking requires attendance at three annual two-week sessions on the Madison campus and the satisfactory completion of extension problems between resident sessions. Featured speakers at the 1975 session included David P. Eastburn, President, Federal Reserve Bank of Philadelphia.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: September 2, 1975

Harrisburg - Edward R. Nalitz, a bank examiner in Western Pennsylvania for the Pennsylvania Department of Banking, was awarded a diploma at the recent commencement exercises of The Graduate School of Banking at the University of Wisconsin, Madison, Wisconsin. Mr. Nalitz has been with the Department since 1969 and is a graduate of Point Park College, Pittsburgh.

Graduation from the Graduate School of Banking requires attendance at three annual two-week sessions on the Madison campus and the satisfactory completion of extension problems between resident sessions. Featured speakers at the 1975 session included David P. Eastburn, President, Federal Reserve Bank of Philadelphia.

##



LIBRARY

DEPARTMENT OF COMMERCE

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

SEP 10 1975

Milton J. Shapp  
Governor433 Education Bldg  
Harrisburg Pa 17120Carl K. Dellmuth  
Secretary

## NEWS RELEASE

B1.17/8:1975/9/9:2

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: SEPTEMBER 9, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced that the ceiling rate on residential mortgages under \$50,000 would hold at 9 1/2% for October. The figure had advanced to 9 1/2% for September, up from 9 1/4% in August.

This ceiling is computed by the Pennsylvania Department of Banking under legislative mandate that calls for the addition of 2.5% to the yield rate on long term Government bonds as provided by the Federal Reserve Board. The latest yield rate for long term Governments was announced as 7.06%, up from 6.89% previously. Adding 2.50% to the 7.06% figure gives a total of 9.56%, or 9 1/2%.

In October of last year the ceiling was 9 3/4%, which held for the balance of 1974, until it dropped to 9 1/2% in January of this year. It declined further to 9 1/4% for February and March, then touched 9% for April, before rebounding to 9 1/4% for May. The ceiling then went to 9 1/2% for June and July.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

SEP 13 1975

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

B 1.17/8:1975/9/20 c2

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE SEPTEMBER 20, 1975

LIBRARY  
DEPARTMENT OF COMMERCE

### MONDAY, OCTOBER 13 DESIGNATED AS LEGAL HOLIDAY FOR BANKS

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth has designated Monday, October 13 as an optional legal holiday for banks, state-chartered and national, in the state, inasmuch as Columbus Day falls on Sunday, October 12.

The Secretary made this announcement under a recent amendment to the State's Banking Code, that states the Department of Banking may declare any day to be an optional legal holiday for banks.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

1.17/8.1975/9/29-2

CONTACT: 717-787-2112

IMMEDIATE RELEASE

LIBRARY  
DEPARTMENT OF COMMERCE

FOR RELEASE SEPTEMBER 29, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth called on all banks and savings and loans in Pennsylvania to extend all help possible to the flood victims in the disaster hit areas of the state.

The Secretary said that banks and other financial institutions have a vital role to play in extending credit where needed to restore homes and businesses. He made this plea with the knowledge that State and Federal agencies will without doubt be providing aid on a massive scale. However, on the day after the disaster it is generally the role of the local financial institution to spring into the breach and provide the kind of almost instant help that is needed to start the recovery process.

The Secretary of Banking recalled that banks and other financial institutions of all types have substantial experience in this type of effort, as they played a leading and crucial role in restoring large areas of the state after the 1972 disaster of Hurricane Agnes. He said that he felt sure that once again institutions of all sizes from throughout the state would share in the common effort. He is aware that banks in the flood zone are already contacting metropolitan area banks to arrange for backup assistance. Secretary Dellmuth urged these metropolitan institutions to join in this statewide undertaking.





Secretary Dellmuth said the current stance of many bankers is that they will nurse the subsidiaries along until better days. He said this is short-sighted and dangerous, as it weakens the bank by the constant drain on parent company profits. At the same time, the Secretary said, it often diverts many of the banks' most talented executives into futile rescue operations, when they could better be employed in the banks' primary business of banking.

Warning of letting the impulse to maintain prestige warp sound financial judgment, Secretary Dellmuth said bankers should take the option for immediate surgery. Consultants who suggested long term financial nursing care for such subsidiaries should be listened to with considerable skepticism, he warned.

In making this broad assessment of current common banking policies, the Secretary said he did not intend to impune in any way upon the splendid contribution real banking subsidiaries have made, not only in terms of service to their communities, but also in terms of profits to the banks. As he remarked, many if not most of these true banking subsidiaries, in less complex time, would have been a normal division within a bank. In recent years the fashion has been to set them up as "subs".

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: OCTOBER 3, 1975

~~LIBRARY~~  
DEPARTMENT OF COMMERCE

Harrisburg - The ceiling rate on residential mortgages in Pennsylvania for November was set today at 9 3/4%, up from 9 1/2% for October, by Secretary of Banking Carl K. Dellmuth. The ceiling level thus returns to the same rate as it was in December of 1974.

This ceiling is computed each month by the Pennsylvania Department of Banking under legislative mandate, which calls for the addition of 2.5% to the yield rate on long term government bonds as provided by the Federal Reserve Board. Thus, the latest yield rate on long term governments was announced as 7.29%, up from 7.06% previously. Adding 2.5% to the 7.29% figure gives a total of 9.79%, that rounded off to the nearest quarter results in the effective ceiling of 9 3/4%.

The new rate is the highest level so far this year. Last January it dropped to 9 1/2% from 9 3/4% in December. Then in February it dipped to 9 1/4% which was also the figure for March. It dropped to 9% in April, the low point so far for the year, before starting to climb again in May when it moved up to 9 1/4%. For June the climb continued as the rate hit 9 1/2%, which held for July, before easing again to 9 1/4% for August. For September and October the figure was 9 1/2%.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: OCTOBER 10, 1975

Harrisburg - Edward L. Durkalski, supervisory examiner for the Savings Association Bureau, Pennsylvania Department of Banking, has been awarded Certified status in the Society of Financial Examiners. Mr. Durkalski, who has been in charge of the Pittsburgh District for the Bureau since 1963, has been associated with the Department since 1955. The Bureau's Pittsburgh District includes the western section of the state. Certified Financial Examiners represent the highest level of accomplishment and expertise in the examination field.

###





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

OCT 31 1975  
Carl K. Dellmuth  
Secretary DEPARTMENT OF COMMERCE

## NEWS RELEASE

10/17/8: 1975/10/30 02

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: OCTOBER 30, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth today issued a warning to consumers and small businessmen not to be taken in by so-called "loan scalpers" billing themselves as various types of loan or financial consultants. Some go so far as to use stationery calling themselves investment bankers.

Secretary Dellmuth said these "scalpers" are individuals or companies that promise to secure loans on commission basis but demand high processing fees to even initiate the search for credit for the would-be borrower. They make a practice of advertising in small town newspapers in Pennsylvania and nearby states. Once the customer's name is on their list they then often use a salesman to close the deal.

From reports filed with the Department's consumer coordinator, Wilbur Stark, it is clear that the salesmen involved are free with promises that fees will be returned if no loan is forthcoming.

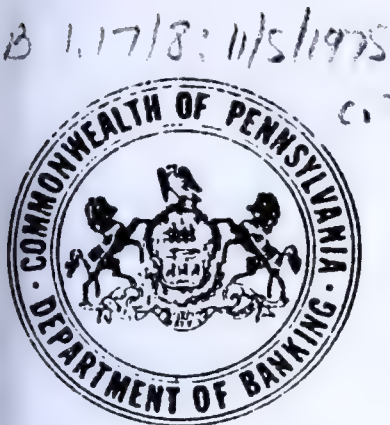
But once the anxious would-be borrower is "sold" the common procedure is to charge a minimum of 1% of the loan being sought as a one-time processing fee. The salesman says this is returnable if the loan does not materialize, but the agreement signed by the would-be borrower does not make that clear. Beyond that, there also is a 10% commission if the money is obtained. In addition, some loan agreements provide that the would-be borrower pay 50% of the 10% commission as liquidating damages if he rejects an offered loan.

Working this out on a possible \$20,000 loan, which typically might be sought by a small businessman, the borrower would pay an initial 1% or \$200 processing fee, and then a 10% or \$2,000 commission if the loan is obtained. If, however, he should turn down the proffered loan, he could be committed to pay 50% of the \$2,000 commission or \$1,000. In other words, the borrower who seeks a \$20,000 loan could end up spending \$1,200 and not getting a penny.

Secretary Dellmuth said the Department has no power to police such operators, as they are unlicensed lenders. The Department only has jurisdiction over licensed lenders. The Secretary has long urged that all lenders in Pennsylvania be required to secure a license. Currently, the Department is working closely with the Governor's Bureau of Consumer Protection in trying to restrain individuals and companies from using such unwarranted tactics.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: NOVEMBER 5, 1975

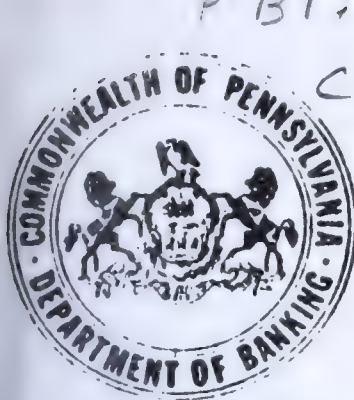
Harrisburg - Unchanged at 9 3/4% for December is the word on the ceiling rate for Pennsylvania residential mortgages under \$50,000, according to the announcement today by Secretary of Banking Carl K. Dellmuth.

Computed each month by the Pennsylvania Department of Banking as per legislative mandate, the ceiling is arrived at by adding 2.5% to the yield rate on long term government bonds as provided by the Federal Reserve Board. The latest yield rate on long term governments is 7.29%, the same as a month ago. Adding 2.5% to the 7.29% figure gives the total of 9.79% that rounded off gives the unchanged result of 9 3/4%.

The pattern of the ceiling rate this year has been a range between 9 1/4%, the low point reached in May, and the high point of 9 3/4% which was posted for November, and which continues for the final month of 1975. In September and October the figure was at 9 1/2%, up from 9 1/4% in August.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning  
November 19, 1975

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of State-chartered banking institutions as of September 30, 1975.

Total resources of Pennsylvania's State-chartered banks were \$26,138,645,824 on September 30, 1975 and reflect an increase of \$1,214,307,750 (4.9%) compared to October 15, 1974.

Increases of \$1,203,578,367 in deposits and \$125,213,294 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$448,387,767 in loans and \$991,826,662 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 63.6%; securities investments - 25.4%; cash and due from banks - 7.6%; and all other resources - 3.4%. The ratio of total capital accounts to total deposits is 9.9%. The loans to deposit ratio is 76.9%. The total capital accounts to total resources ratio is 8.2%.

During this period the number of branches increased from 989 to 1,072 and total banking offices from 1,155 to 1,237.

##

PENNSYLVANIA  
DOCUMENTS

NOV 21 1975





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	September 30, 1975	October 15, 1974	Increase+ Decrease-
<u>RESOURCES</u>			
Cash, Due from Banks, etc.	\$ 1,476,191,214	\$ 1,678,378,020	\$ 202,186,806-
U. S. Government Obligations			
Direct and Guaranteed	2,237,194,668	1,752,581,546	484,613,122+
Obligations of State and			
Political Subdivisions	2,392,492,962	2,380,203,603	12,289,359+
Other Bonds, Notes, Debentures			
and Corporate Stocks	3,199,684,535	2,704,760,354	494,924,181+
Federal Funds Sold	553,682,961	611,958,990	58,276,029-
Loans and Discounts	15,475,895,085	15,027,507,318	448,387,767+
Bank Premises & Furn. & Fixt.	302,630,076	286,449,262	16,180,814+
Other Real Estate	36,888,265	23,105,806	13,782,459+
Other Resources	463,986,058	459,393,175	4,592,883+
Total Resources	<u>\$26,138,645,824</u>	<u>\$24,924,338,074</u>	<u>\$1,214,307,750+</u>
<u>LIABILITIES</u>			
Demand Deposits	\$ 4,743,539,147	\$ 5,135,741,619	\$ 392,202,472-
Time and Savings Deposits	17,600,520,538	16,004,739,699	1,595,780,839+
Federal Funds Purchased	646,690,125	694,050,020	47,359,895-
Borrowed Money	255,720,839	307,542,460	51,821,621-
Other Liabilities	747,299,009	780,198,336	32,899,327-
Total Liabilities	<u>\$23,993,769,658</u>	<u>\$22,922,272,134</u>	<u>\$1,071,497,524+</u>
RESERVES ON LOANS AND			
SECURITIES	\$ 176,220,255	\$ 158,577,926	\$ 17,642,329+
MINORITY INTEREST IN			
CONSOLIDATED SUBSIDIARIES	\$ 824,734	\$ 870,131	\$ 45,397-
<u>CAPITAL ACCOUNTS</u>			
Capital Securities	\$ 230,401,430	\$ 225,186,930	\$ 5,214,500+
Capital Stock	273,517,384	262,526,331	10,991,053+
Net Worth of Private Banks	4,429,228	4,074,037	355,191+
Surplus	1,033,585,413	974,544,292	59,041,121+
Undivided Profits	409,328,409	364,787,058	44,541,351+
Reserves	16,569,313	11,499,235	5,070,078+
Total Capital Accounts	<u>\$ 1,967,831,177</u>	<u>\$ 1,842,617,883</u>	<u>\$ 125,213,294+</u>
Total Liabilities, Reserves			
and Capital Accounts	<u>\$26,138,645,824</u>	<u>\$24,924,338,074</u>	<u>\$1,214,307,750+</u>
<u>RESOURCES (By Type of Institution)</u>			
Banks	\$ 1,360,860,038	\$ 1,233,814,903	\$ 127,045,135+
Bank and Trust Companies	16,578,753,101	16,464,621,528	114,131,573+
Trust Companies	9,372,810	8,978,067	394,743+
Savings Banks	8,154,067,739	7,177,387,532	976,680,207+
Private Banks	35,592,136	39,536,044	3,943,908-
Total Resources	<u>\$26,138,645,824</u>	<u>\$24,924,338,074</u>	<u>\$1,214,307,750+</u>
TRUST FUNDS	\$10,147,774,831	\$ 8,792,660,752	\$1,355,114,079+
TOTAL DEPOSITS	\$22,344,059,685	\$21,140,481,318	\$1,203,578,367+
<u>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</u>			
	<u>Institutions</u>	<u>Operating Branch Offices</u>	<u>Institutions</u> <u>Operating Branch Offices</u>
Banks	59	79	60 73
Bank and Trust Companies	91	831	91 773
Trust Companies	2	0	2 0
Savings Banks	8	160	8 141
Private Banks	5	2	5 2
Total	<u>165</u>	<u>1,072</u>	<u>166 989</u>





LIBRARY

DEPARTMENT OF COMMERCE

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

DEC 4 1975

NEWS RELEASE

CONTACT: 717 787-2112 IMMEDIATE RELEASE

FOR RELEASE: DECEMBER 3, 1975

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced today that the ceiling on mortgages under \$50,000 would continue at 9 3/4% for January. This is the third month in a row that the ceiling rate has held at that figure.

The Pennsylvania Department of Banking under legislative mandate computes the ceiling rate each month for the following month by adding 2 1/2 percentage points to the yield rate on long term Government bonds as computed by the Federal Reserve Board in Washington. The latest yield rate on long term Governments is 7.21% to which is added 2.5% for the figure of 9.71% that rounded off gives the 9 3/4% ceiling.

The 9 3/4% ceiling computed for January 1976 compares with the 9 1/2% figure for January of 1975. For February and March it dipped to 9 1/4%, and then to 9% in April before going back to 9 1/4% in May. In June and July the ceiling was 9 1/2%, dropping to 9 1/4% in August, before returning to 9 1/2% for September and October. As indicated, the ceiling was 9 3/4% for November and December.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

117/8:1975-12-16  
CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: DECEMBER 16, 1975

Harrisburg - In response to a number of queries, Pennsylvania Secretary of Banking Carl K. Dellmuth said that the Department has long required written loan policies by all banks which it supervises.

The queries were received following a recent announcement that a Washington regulatory agency has just instituted a program of requiring written loan guidelines by the banks it examines.

Secretary Dellmuth said the Department's examination procedures have over many years been designed to be as comprehensive and thorough as possible without being unnecessarily restrictive. In this regard, he said many other so-called "innovations" have been traditionally encouraged by the Department and its corps of examiners.

Not too long ago there was a public discussion of the affiliations of bank directors. Here as well, the Department has long mandated that all directors have all their corporate ties updated and on file on a continuing basis.

According to the Secretary, a similar clear-cut policy has long been in operation as regards to the reporting of loans made to bank officers. This procedure likewise was announced as a breakthrough by another Washington agency some time back.

Secretary Dellmuth said the Department welcomes such emulation as confirming the quality and depth of its regulatory methods. These methods, the Secretary said, undergo a periodic review and re-evaluation to make certain they are able to meet the changing aspects of the modern banking scene.



LIBRARY

DEPARTMENT OF COMMERCE

DEC 18 1975



**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING**

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

**NEWS RELEASE**

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE DECEMBER 18, 1975

Harrisburg - Miss Helen L. Lehman, administrative secretary to the Pennsylvania Secretary of Banking, and Miss Grace E. Bowman, secretary-stenographer in the Consumer Credit Bureau of the Department, were honored on their retirement during the Department's annual Christmas party on Thursday, December 18. The two women have a combined total of over 88 years of government service.

Miss Lehman, who completes 33 years of continuous service with the Department, has been the administrative secretary to six successive Secretaries of Banking, beginning with William C. Freeman in 1943. She then filled the same post with D. Emmert Brumbaugh, L. Merle Campbell, Robert L. Myers, Jr., G. Allen Patterson and the current secretary, Carl K. Dellmuth. Miss Lehman started with the Department in 1941 as secretary to Deputy Secretary of Banking Fred Wigfield, Jr. She entered State service with the General State Authority in 1937 and later served in the Agriculture Department before joining Banking. Miss Lehman has a total of 38 years State service. A native of Lancaster, Pennsylvania, Miss Lehman was educated in the Lancaster Public Schools and is a graduate of the former Stevens High School in Lancaster. She was with Armstrong Cork Company for four years prior to coming to Harrisburg. Miss Lehman studied office management at







Penn State University and accounting with the International Accountants Society. A resident of Harrisburg, Miss Lehman's retirement plans include travel.

Miss Bowman has the unusual record of completing 50 years and over 10 months of State service, 42 of which have been with the Department of Banking. When Miss Bowman started her career, William Cameron Sproul was Governor. She has seen 14 governors hold office, including the two terms for Governor Pinchot. Miss Bowman entered State service in 1920 with the Highway Department, joining the Banking Department in 1927. Her Banking Department career was interrupted between 1937 and 1942.

A native of Hebe, Dauphin County, Miss Bowman moved to Middletown, Pennsylvania, as a child. She was educated in the Middletown public schools, and worked with the Middletown Car Company after graduation and before becoming a State employee. Even though she is 78 years old, Miss Bowman says she hates to leave her regular routine of duties with the Consumer Credit Bureau. She resides in Middletown.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE: January 2, 1976

Harrisburg - A phasing out of so-called "free" checking accounts during the coming year was predicted in a year-end statement by Pennsylvania Secretary of Banking Carl K. Dellmuth.

Observing that free checking accounts are never really free, because someone has to pay their cost, Secretary Dellmuth said banks may no longer be able to afford the luxury of providing at no cost a service to one group of people that in the end must be paid for by another. Thus, he reasoned, if checking account customers do not have to pay for the cost of the service they receive, it must be paid by someone else, either in wage adjustments for employees, lower dividends for stockholders or in higher costs for other bank customers, including borrowers.

Secretary Dellmuth said the matter cannot be dismissed as insignificant. Based on a recent Federal Reserve study, the cost of handling one check is as much as seventeen cents per item. Dellmuth said that at one time the more optimistic felt that the cost figure would be offset by the use of the depositor's funds held by the bank. He added that free checking with no minimum balance required has brought about a very different set of circumstances. Concurrently, the depositor, well aware that checks are not costing him anything, tends to write more checks. According to the Secretary, all this comes at a time when the entire banking industry is seeking ways of reducing the flow of checks before it becomes unmanageable.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION





Secretary Dellmuth feels that it is especially vital at this time that the banking industry face this problem squarely. The Financial Institutions Act, recently approved by the Senate in Washington, and now to be voted on by the House, would authorize the payment of interest on checking accounts. The same measure would also permit other depository institutions to offer checking services, an area long a monopoly of commercial banks. However, the Secretary is of the opinion that the same problem will face any type of institution that offers checking services and certainly paying interest on the checking account will add further to the cost of the service.

Defending the profit motive, the Secretary said that just breaking even on free checking accounts, which is the claim of its early proponents, is clearly not enough. He remarked that if a farmer only counted on reaping as much as he sowed, agriculture would quickly collapse.

Secretary Dellmuth stated that it is especially crucial at this time that banks and other depository institutions be able to increase their capital by retaining some share of their profits. He said it is clear in the world around us that we have an insatiable need for more capital to finance the growing needs of our society, including more money to finance the creation of more jobs.

The Secretary indicated that an informal poll of a number of bankers in the state revealed that many banks have been discussing the need for phasing out of free checking. He said some anticipate a loss of a few customers when they end the giveaway, but they feel that the outflow will be minimal. As one banker told the Secretary, "Most people are fair and understanding when they have all the facts. They realize that every service has its price, and that we simply can no longer afford to penalize some customers of the bank by offering special privileges to other customers."





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shaop  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

JAN 8 1976  
LIBRARY  
DEPARTMENT OF COMMERCE

# NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE JANUARY 9, 1976

Harrisburg - The ceiling rate on home mortgages in Pennsylvania under \$50,000 remains unchanged at 9 3/4% for February, according to an announcement today by Carl K. Dellmuth, Secretary of Banking. This is the fourth month at which the rate has held at this level.

The rate was set according to law by adding 2.50 percent to the return on long term government bonds as computed by the Federal Reserve Board in Washington. Their latest figure is 7.17%, to which is added 2.50%, for a total of 9.67%, which rounds off to 9 3/4%.

In February of 1975 the ceiling was 9 1/4%, and had been 9 1/2% in January of last year. For March it continued at 9 1/4%, and then in April dropped to 9%, the low point for 1975. It moved up to 9 1/4% in May, then 9 1/2% for June and July, 9 1/4% for August, 9 1/2% for September and October, and then 9 3/4% for the balance of last year as indicated.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

DEPARTMENT OF COMMERCE

## NEWS RELEASE

JAN 27 1976

CONTACT: 717-787-2112

FOR RELEASE IMMEDIATE RELEASE

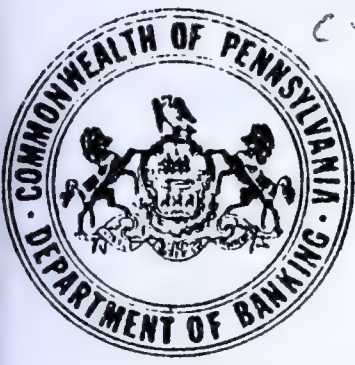
Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, confirmed that the merger of the \$337,000 Matamoras Loan and Building Association, Matamoras, Pennsylvania, into the \$9-million Northeast Savings and Loan Association, Honesdale, had become effective as of January 2, 1976, to create an association with combined assets of nearly \$9.4-million.

Walter L. Brenneman, director of the Savings Association Bureau of the Department, said that this merger marks the second uninsured association to join with the Honesdale unit. The Director commented that this combining of uninsured associations into insured associations carries forward the Department's objective of eventually having the deposits of all Pennsylvania-chartered associations insured.

Northeast Savings and Loan, formerly the Honesdale Savings and Loan, became insured on December 18, 1973. It merged the uninsured \$745,000 Hawley Building and Loan Association, Hawley, and changed its name to Northeast Savings and Loan on January 2, 1975 to become a \$6.5-million association, up from \$5.8-million.

J. Horace Flora is chairman of the board of Northeast Savings and Loan, and John Kreitner is president, while Thomas A. Noble is secretary.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE JANUARY 20, 1976

Harrisburg - Pennsylvania bankers, businessmen and the public at large were urged to prepare for the return of the \$2 Federal Reserve Note in a statement issued today by Secretary of Banking Carl K. Dellmuth.

In particular, the Secretary called upon depository institutions throughout the Commonwealth to ready their staffs to handle the new \$2 bill. This denomination of paper money has not circulated in the United States since it was withdrawn from use in 1966.

The new Federal Reserve bills will feature a portrait of Thomas Jefferson on the front and a vignette based on John Trumbull's painting of The Signing of the Declaration of Independence on the back. They will first become available to the public on Thomas Jefferson's birthday -- April 13.

A total of \$225-million of these \$2 Federal Reserve notes will be ready for use on that date as part of an annual order of \$400-million to be in the hands of institutions nationwide before July 4th. These totals contrast sharply with the low volume of \$6-million of \$2 notes printed annually when they were last circulated.

The Secretary urged bankers to prepare their institutions operationally to handle the new bills. He warned that the reported threatened intention of some institutions to store the new bills in

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION





the vault would be self-defeating. Cash drawers should be rearranged, bill storage procedures changed and banks with complex bill sorting and packaging machinery should tool up for the change.

According to the Secretary, many older bankers feel that some Pennsylvanians will continue to hold a prejudice against the \$2 bill. Secretary Dellmuth said that the younger people now make up an increasing portion of the population and they are not aware of the old folk tales. One of the drawbacks of the former issue was that annual printings were small and institutions could not depend on having enough to use. The Treasury and the Federal Reserve indicate that this time adequate supplies of the bills will be on hand.

Both the Treasury and the Federal Reserve System are intent on making an all-out effort to insure the \$2 bill becomes a functional part of the nation's currency system. Treasury officials are quite candid in admitting that production costs are the same for \$2 bills as they are for \$1 bills. Since the output of fewer bills will be needed for the same amount of cash value, Treasury officials estimate the issuance of the \$2 bill will result in savings of \$4-7-million per year over the next several years due to the gradual replacement of approximately half of the existing \$1 bills. \$1 bills now account for 55-60% of U. S. paper currency produced annually. As stated, the \$2 unit will be a Federal Reserve Note as are all other denominations of paper currency in circulation, with the exception of the \$100 bill, which is issued as a U. S. Note to fulfill certain statutory requirements.

In addition to the \$1 bill with the picture of George Washington on the face, other denominations of paper currency now in use as Federal



Reserve Notes are: \$5 note with the face of Lincoln; \$10 note with Hamilton; \$20 note with Jackson; and \$50 note with Grant. The \$100 U. S. Note has the face of Pennsylvania's own Benjamin Franklin.

Although greeted with no comment by official sources, numismatic specialists have widely reported the inauguration of the \$2 unit is a step by the Treasury and the Federal Reserve toward phasing out \$1 bills. According to some reports, the plan is for the \$2 bill to become the lowest denomination of paper money printed. In place of the \$1 bill, a \$1 coin is being designed that would be somewhat larger than the present quarter and smaller than the current 50-cent piece. This of course is still in the planning stage, but it is very probable that \$1 bills will be closed out in favor of a \$1 coin.

Secretary Dellmuth is puzzled by the prejudice exhibited against \$2 bills in some quarters in Pennsylvania. His experience as a young executive in New England was that in that region the \$2 bill was always an extremely popular form of paper money.

Actually, the \$2 bill got off to a bad start in 1776 when it was issued to finance the revolution at a time when people were wary of paper money. The phrase "not worth a Continental" referred to currency in general at that time, particularly the money in which the troops were paid off after the fighting ceased.

According to the record, the same historic errors were more or less repeated in the Civil War period when the \$2 bills once again were issued to gain fame or else mistrust under the nickname of "shinplasters".

One of the old folk tales tied to the \$2 note includes the old political custom of buying votes with \$2 bills, the implication being





that anyone holding a \$2 note after election day was thought to have sold his vote. A horse racing fan said the \$2 bill will be popular at the tracks where the \$2 pari-mutuel window is the favorite of small bettors. However, the Treasury reported a recent feasibility study by the Harvard Business School showed the public fully prepared to accept the \$2 bill as useful and functional. Secretary Dellmuth told bankers that they should not prejudge public nonacceptance of the new denomination in paper currency as it was obvious that the new units would be helpful in reducing the number of bills handled.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

FEB 4 1976

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth

Secretary  
LIBRARY  
DEPARTMENT OF COMMERCE

## NEWS RELEASE

1.17/8:1976/2/3c2

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE February 3, 1976

Harrisburg - Pennsylvania Secretary of Banking Carl K. Dellmuth announced today that the ceiling rate on home mortgages under \$50,000 would decline to 9 1/2% for March, compared to the 9 3/4% figure for February. This drop brings the ceiling down to the same level it reached last October.

The ceiling rate for Pennsylvania is set each month by the Banking Department under legislative mandate. It is arrived at by adding 2.50% to the yield rate on long term Government bonds as computed by the Federal Reserve System. The latest yield rate was 6.94% to which was added 2.50% for a total of 9.44%, which rounds off to 9.50%.

The ceiling level was 9 3/4% in January as well as February. It was the same figure also for December and November. It was 9 1/2% for October and September, 9 1/4% for August, 9 1/2% for July and June, 9 1/4% for May, 9% for April, and 9 1/4% for March of 1975.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

B 1,17/8,1976 3/30/2

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE MARCH 3, 1976

LIBRARY  
DEPARTMENT OF COMMERCE

Harrisburg - The Pennsylvania ceiling rate for residential mortgages under \$50,000 stays unchanged at 9 1/2% for April, it was announced today by Secretary of Banking Carl K. Dellmuth.

Each month the Banking Department sets the ceiling rate by adding 2.5% to the rate on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest rate on long-term Governments was 6.92%, to which the Department adds the 2.5% for a total of 9.42% which rounds off to 9 1/2%, unchanged from the March ceiling. The ceiling rates for January and February were 9 3/4%.

A year ago the rate for April of 1975 was 9%. It went to 9 1/4% in May, then to 9 1/2% for June and July, 9 1/4% for August, 9 1/2% for September and October, and 9 3/4% for November and December.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE MARCH 8, 1976

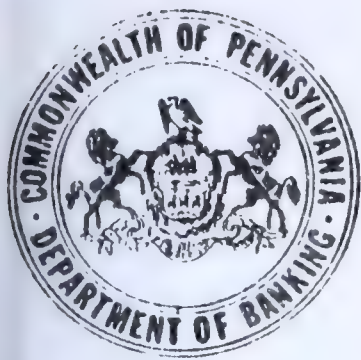
Harrisburg - The Pennsylvania Department of Banking, Carl K. Dellmuth, Secretary, announced today that The First National Bank of Troy, Bradford County, has converted from a national charter to a state charter under the name of "First Bank of Troy". The conversion, the first such move in 1976, was effective as of Friday, March 5.

W. Thomas Morris is chairman, and Oliver W. Judson is president of First Bank of Troy, which has total assets in the \$30-million range. In addition to its main office in Troy, it has four branches, all in Bradford County. They are located in Canton, Gillett, Towanda, and a branch adjacent to the New York State line at Pine City.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg, Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Beginning Tuesday,  
March 16, 1976

Secretary of Banking Carl K. Dellmuth today released the consolidated statement of all State-chartered banking institutions as of December 31, 1975 compared with December 31, 1974.

Pennsylvania State-chartered institutions recorded substantial gains in resources in 1975. Total resources reflect an all time high of \$26,994,253,513, an increase of \$2,125,643,741 or 8.55%. Net operating earnings were \$196,410,135, a decrease of \$9,647,187 down 4.68% from \$206,057,322 on December 31, 1974.

During this period, the number of branches increased from 1,014 to 1,085 and total banking offices from 1,179 to 1,249. Mergers of four National banks into State banks and mergers of two State banks into other State banks were approved. One National bank converted to a State-chartered bank.

Attention is directed to the appended consolidated statement and compilations of important ratios.

##



DISTRIBUTION OF ASSETS  
STATE-CHARTERED COMMERCIAL BANKS

	<u>State Average</u>
As a Percentage of Total Assets:	
Cash Assets	8.9%
Investment Securities	25.9%
Loans and Discounts (Including Federal Funds Sold)	61.9%
Real Estate Assets	1.3%
Other Assets	2.0%
	<u>100.0%</u>
Total Capital Accounts as a Percentage of:	
Total Assets	8.1%
Total Assets Less U.S. Government Securities and Cash Assets	9.7%
Total Deposits	9.6%
Percentage of:	
Time and Savings Deposits to Total Deposits	66.9%

EARNINGS RATIOS OF COMMERCIAL BANKS ACCORDING TO ASSET SIZE

	<u>Under \$10,000M</u>	<u>\$10,000M to \$25,000M</u>	<u>\$25,000M to \$100,000M</u>	<u>\$100,000M to \$250,000M</u>	<u>Over \$250,000M</u>
Net Operating Earnings to Average Total Assets	1.28%	1.16%	1.12%	.88%	.80%
Net Income After Related Taxes to Average Total Assets	1.10%	1.01%	.99%	.83%	.81%
Net Income After Related Taxes to Average Total Capital Accounts	7.80%	12.14%	11.81%	10.35%	10.50%
Dividends to Average Total Capital Accounts	2.16%	2.75%	3.68%	3.84%	5.01%
Income on Loans to Average Loans	8.27%	7.59%	7.82%	8.04%	8.45%
Interest and Dividends on Securities to Average Securities	6.62%	5.42%	5.85%	5.61%	5.73%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	5.24%	5.08%	5.35%	5.41%	5.95%

EARNINGS RATIOS ALL STATE COMMERCIAL BANKS

	<u>1974</u>	<u>1975</u>
Net Operating Earnings to Average Total Assets	.93%	.87%
Net Income After Related Taxes to Average Total Assets	.85%	.85%
Net Income After Related Taxes to Average Total Capital Accounts	10.97%	10.61%
Dividends to Average Total Capital Accounts	4.81%	4.55%
Income on Loans to Average Loans	8.84%	8.35%
Interest and Dividends on Securities to Average Securities	5.13%	5.78%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	6.09%	5.77%

APR 1 1976

APR 1 1976





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Trust Companies, Savings Institutions and Private Banks. Also presented are figures for Trust Departments of State Institutions authorized to do a fiduciary business under the supervision of this Department.

	December 31, 1975	December 31, 1974	Increase+ Decrease-	
<u>RESOURCES</u>				
Cash, Due from Banks, etc.	\$ 1,789,506,625	\$ 1,536,696,607	\$ 252,810,018+	
U.S. Government Obligations				
Direct and Guaranteed	2,347,271,699	1,817,109,473	530,162,226+	
Obligations of State and				
Political Subdivisions	2,401,125,211	2,290,863,292	110,261,919+	
Other Bonds, Notes, Debentures				
and Corporate Stocks	3,535,766,590	2,716,665,649	819,100,941+	
Federal Funds Sold	599,696,588	488,710,118	110,986,470+	
Loans and Discounts	15,502,493,730	15,186,528,035	315,965,695+	
Bank Premises & Furn. & Fixt.	305,919,136	294,436,476	11,482,660+	
Other Real Estate	39,381,719	28,512,743	10,868,976+	
Other Resources	473,092,215	509,087,379	35,995,164-	
Total Resources	<u>\$26,994,253,513</u>	<u>\$24,868,609,772</u>	<u>\$2,125,643,741+</u>	
<u>LIABILITIES</u>				
Demand Deposits	\$ 5,208,515,223	\$ 5,096,290,171	\$ 112,225,052+	
Time and Savings Deposits	18,195,812,826	16,201,856,954	1,993,955,872+	
Federal Funds Purchased	476,611,261	542,880,934	66,269,673-	
Borrowed Money	226,364,774	287,850,216	61,485,442-	
Other Liabilities	697,494,183	720,514,549	23,020,366-	
Total Liabilities	<u>\$24,804,798,267</u>	<u>\$22,849,392,824</u>	<u>\$1,955,405,443+</u>	
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	<u>\$ 819,727</u>	<u>\$ 865,997</u>	<u>\$ 46,270-</u>	
RESERVES ON LOANS AND SECURITIES	<u>\$ 179,031,604</u>	<u>\$ 170,951,068</u>	<u>\$ 8,080,536+</u>	
<u>CAPITAL ACCOUNTS</u>				
Capital Securities	\$ 249,868,630	\$ 225,511,930	\$ 24,356,700+	
Capital Stock	273,716,751	263,688,591	10,028,160+	
Net Worth of Private Banks	3,539,065	3,535,056	4,009+	
Surplus	1,061,916,827	982,531,540	79,385,287+	
Undivided Profits	403,153,637	359,455,717	43,697,920+	
Reserves	17,409,005	12,677,049	4,731,956+	
Total Capital Accounts	<u>\$ 2,009,603,915</u>	<u>\$ 1,847,399,883</u>	<u>\$ 162,204,032+</u>	
Total Liabilities, Reserves and Capital Accounts	<u>\$26,994,253,513</u>	<u>\$24,868,609,772</u>	<u>\$2,125,643,741+</u>	
<u>RESOURCES (By Type of Institution)</u>				
Banks	\$ 1,259,589,629	\$ 1,218,231,403	\$ 41,358,226+	
Bank and Trust Companies	17,279,869,297	16,343,680,821	936,188,476+	
Trust Companies	9,218,974	8,849,224	369,750+	
Savings Banks	8,409,333,361	7,261,679,170	1,147,654,191+	
Private Banks	36,242,252	36,169,154	73,098+	
Total Resources	<u>\$26,994,253,513</u>	<u>\$24,868,609,772</u>	<u>\$2,125,643,741+</u>	
TRUST FUNDS	<u>\$10,456,366,998</u>	<u>\$ 9,077,110,150</u>	<u>\$1,379,256,848+</u>	
TOTAL DEPOSITS	<u>\$23,404,328,049</u>	<u>\$21,298,147,125</u>	<u>\$2,106,180,924+</u>	
<u>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</u>				
	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	58	67	59	75
Bank and Trust Companies	91	851	91	792
Trust Companies	2	0	2	0
Savings Banks	8	165	8	145
Private Banks	5	2	5	2
Total	<u>164</u>	<u>1,085</u>	<u>165</u>	<u>1,014</u>





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

LIBRARY  
DEPARTMENT OF COMMERCE

CONTACT: 717-787-2112 IMMEDIATE RELEASE

FOR RELEASE MARCH 26, 1976

Harrisburg - Share insurance for all state-chartered credit unions has been announced as a goal by Pennsylvania Secretary of Banking Carl K. Dellmuth. Legislation to achieve that purpose has recently been introduced in the General Assembly.

The Secretary believes the continued healthy growth of the industry requires that share account insurance be extended to all shareholders. In the past year, the number of state-chartered credit unions increased 5.5 per cent to 171 from 162, while total assets were up 15.3 per cent to \$143,050,154 from \$124,039,181, and membership increased 8 per cent to 169,269 from 155,678.

In line with his objective the Secretary disclosed that any newly chartered credit union in Pennsylvania will now be required to obtain insurance of share accounts. This will be achieved by having the initial directors of the new credit union certify that the unit will apply to the National Credit Union Administration for inclusion in its share insurance program upon receipt of the state charter.

Secretary Dellmuth stated that the Department favors share insurance via the National Credit Union Administration which provides insurance of deposits up to \$40,000 per account on a basis comparable to the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC). In a number of states, credit union share insurance has been provided by state agencies, which also may seek clients in other states. The Secretary does not feel that these programs provide a practical alternative in comparison with the Federally sponsored program.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

17/8:1976 / Mar 29(?) C2

CONTACT: 717 787-2112

IMMEDIATE RELEASE

FOR RELEASE

LIBRARY  
DEPARTMENT OF COMMERCE  
MAR 29 1976

Harrisburg - In the Banking Department's Annual Report for 1975, made public today, Pennsylvania Secretary of Banking Carl K. Dellmuth stressed the ongoing challenge by Washington regulators to the continued viability of the dual system of state and Federally-chartered financial institutions.

Although the Report was prepared before the latest violation of Pennsylvania's contiguous county branching rule by the Federal Home Loan Bank Board, the Secretary has long warned of the threat to state-chartered savings and loans from the Federal system. To confront this situation during 1975, he strongly urged the General Assembly to grant statewide branching permissiveness to state-chartered savings and loans in order to maintain parity between the two systems.

As a result of the Secretary's warning, the Senate Business and Commerce Committee, under the Chairmanship of Senator Edward P. Zemprelli, has voted out of Committee Senate Bill No. 712 that would allow state-chartered savings and loans to branch statewide, restoring them to parity with their Federally-chartered counterparts. The Secretary has repeatedly pointed out that failure to maintain equality of opportunity between the types would disadvantage state-chartered associations and result in the conversion to Federal charter of many of the



larger units. One such switch is already under way, and has been called to the attention of the Senate Committee.

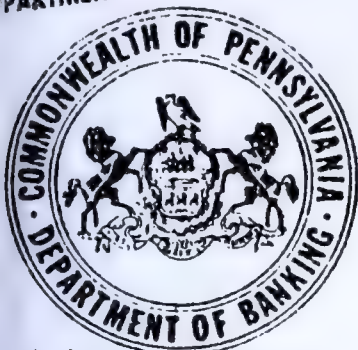
In summing up the year, Secretary Dellmuth found that despite the stresses and strains of last year, the sharpest economic downturn since the great depression, the state's financial institutions weathered the period remarkably well.

Part of the Department's 1975 Annual Report is a detailed outline of the accomplishments of the Department during the three years in which it had been headed by Secretary Dellmuth. Milestones include the establishment of the first consumer relations activity by any banking department in the nation. This trail-blazing move has since been copied by other states and by the Office of the Comptroller of the Currency, as well as the various regional Federal Reserve Banks. The Department also inaugurated a public information capability.

Most noteworthy perhaps has been the Secretary's drive to make Pennsylvania's voice heard more clearly and more often in the financial councils in Washington. He adopted this stance soon after taking office on the grounds that Pennsylvania is one of the nation's most important states economically, and its views should be taken into account in the formation of national economic policy. To this end, Secretary Dellmuth has maintained liaison with bank supervisors in other states, and also with the heads of appropriate bureaus, agencies and departments in Washington.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

APR 8 1976

## NEWS RELEASE

117/8/1976/4/6 c.2  
CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: APRIL 6, 1976

Harrisburg - Pennsylvania Secretary of Banking Carl K.

Dellmuth announced today that the ceiling rate on residential mortgages under \$50,000 will decline to 9 1/4% in May, compared to 9 1/2%, which is the ceiling for April.

The ceiling is set each month by the Department of Banking under legislative mandate by adding 2.50% to the rate on long term Government bonds as computed by the Federal Reserve Board, Washington, D.C. The latest rate on long term Governments was 6.87%, to which was added 2.50%, for a total of 9.37%, that rounds off to the nearest quarter at 9 1/4%. This is the lowest ceiling rate so far this year. In January and February the rate was 9 3/4%, and then it dipped to 9 1/2% for the next two months.

In May of 1975 the ceiling rate also was 9 1/4%. It then went to 9 1/2% for June and July, dipping to 9 1/4% in August, returning to 9 1/2% for September and October, with the final two months of last year at 9 3/4%.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

17/8: 1976/4/26

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE: APRIL 26, 1976

Harrisburg - Because it is considered to be in the best interests of the entire consumer public, Pennsylvania Secretary of Banking Carl K. Dellmuth said the Banking Department is seeking legislative action to require insurance of accounts for all depository institutions.

The Secretary also stated that such legislative action would likewise maintain the state financial systems on a competitive basis with their Federal counterparts. He added that the intent of the Department in no way forecasts an immediate problem of liquidity for the uninsured depositories.

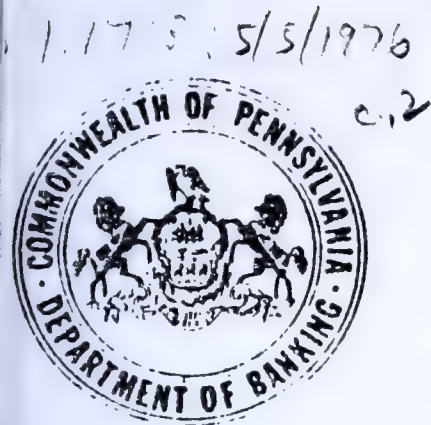
Secretary Dellmuth said he deplored the parochial view of those who oppose this protective measure on the grounds that such a requirement would destroy or weaken the dual chartering system for banks, savings and loans and credit unions. He observed that far from weakening the dual system, the move would strengthen through competitive parity.

Reviewing the proposed alternative of a private insuring system, the Secretary observed when such a private system can offer the security that is available from the Federal account insurance, and would be willing to submit to examination by the Banking Department, we could consider such an alternative insurance program. However, Secretary Dellmuth commented, even a state-created insuring agency in Pennsylvania would be costly to the Commonwealth and would not be able to offer the established depth of security provided by the Federal program.

Secretary Dellmuth concluded that the Department believes it has general powers under each of its Acts to require insurance of accounts for all new charters. At the same time, the Secretary said, we trust the General Assembly will carry out its duty and require that all existing institutions obtain the safeguard of similar deposit insurance.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717 787-2112 IMMEDIATE RELEASE

FOR RELEASE MAY 5, 1976

Harrisburg - The Pennsylvania ceiling rate on residential mortgages under \$50,000 will stay unchanged at 9 1/4% for June, it was announced today by Secretary of Banking Carl K. Dellmuth.

The 9 1/4% figure for May and June is the lowest level for the ceiling so far this year. Starting off the year with 9 3/4% in January, the ceiling rate continued at that level in February, dipping to 9 1/2% for March and April.

The Secretary of Banking, acting under legislative mandate, sets the ceiling rate on home mortgages under \$50,000 each month by adding 2.5% to the yield rate on long term Government bonds as computed monthly by the Federal Reserve Board, Washington, D. C. The latest rate on long term Governments was 6.73%. Adding 2.5% results in 9.23%, that rounds off to 9 1/4%. In June of 1975 the ceiling was 9 1/2%.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

MAY 20 1976

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

8/17/8: 1976/5/18c2

CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE MAY 18, 1976

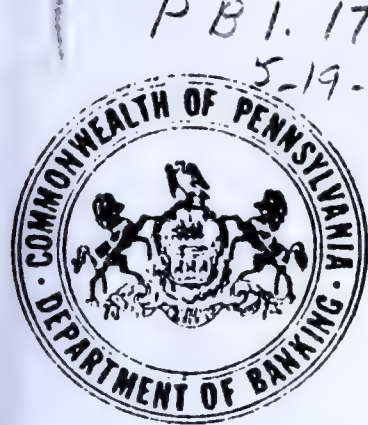
Harrisburg - Carl K. Dellmuth, Pennsylvania Secretary of Banking, today announced the promotion of Frederick A. George to the post of Assistant Director of the Consumer Credit Bureau of the Department of Banking. The Bureau supervises and regulates sales finance companies, installment sellers, consumer discount companies, pawnbrokers and credit unions.

Mr. George, who has been with the Bureau 16 years, was promoted from Examination Supervisor. Prior to joining the Banking Department, Mr. George entered state service with the Auditor General. He had been a manager of a Harrisburg area small loan company, and an agent for a life insurance company. Educated in the Philadelphia Public Schools and at Thompson College, Mr. George served four years with the Armed Forces during the Korean War. Mr. George and his wife and daughter are residents of suburban Camp Hill.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Beginning Wednesday,  
May 19, 1976

Secretary of Banking Carl K. Dellmuth today released the consolidated Report of Condition of State-chartered banking institutions as of March 31, 1976.

Total resources of Pennsylvania's State-chartered banks were \$27,112,642,000 and reflect an increase of \$1,920,036,000 up 7.6% from April 16, 1975. Increases of \$2,057,539,000 in deposits and \$199,898,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$252,241,000 in loans and \$1,405,480,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 61.4%; Securities Investments - 26.6%; Cash and Due from Banks - 8.3%; and All Other Resources - 3.7%. The ratio of total capital accounts to total deposits is 10.1%. The loans to deposit ratio is 72.7%. The total capital accounts to total resources ratio is 8.5%.

During this period the number of branches increased from 1,027 to 1,097 and banking offices now total 1,262.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

##



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Savings Institutions, Private Banks and Trust Companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	March 31, 1976	April 16, 1975	Increase+ Decrease-
<u>RESOURCES</u>			
Cash, Due from Banks, etc.	\$ 1,636,186	\$ 1,532,784	\$ 103,402+
U. S. Government and Agency Obligations	3,161,517	2,485,919	675,598+
Obligations of State and Political Subdivisions	2,450,459	2,326,970	123,489+
Other Bonds, Notes, Debentures and Corporate Stocks	3,001,677	2,395,284	606,393+
Federal Funds Sold	739,190	682,750	56,440+
Loans and Discounts	15,229,437	14,977,196	252,241+
Bank Premises & Furn. & Fixt.	308,996	301,832	7,164+
Other Real Estate	47,496	28,883	18,613+
Other Resources	537,684	460,988	76,696+
<b>Total Resources</b>	<b>\$27,112,642</b>	<b>\$25,192,606</b>	<b>\$1,920,036+</b>
<u>LIABILITIES</u>			
Demand Deposits	\$ 4,736,269	\$ 4,867,114	\$ 130,845-
Time and Savings Deposits	18,819,532	16,631,147	2,188,385+
Federal Funds Purchased	754,092	857,988	103,896-
Borrowed Money	195,197	209,309	14,112-
Other Liabilities	521,387	740,781	219,394-
<b>Total Liabilities</b>	<b>\$25,026,477</b>	<b>\$23,306,339</b>	<b>\$1,720,138+</b>
<u>CAPITAL ACCOUNTS</u>			
Capital Securities	\$ 260,419	\$ 225,343	\$ 35,076+
Capital Stock	276,246	267,024	9,222+
Net Worth of Private Banks	2,485	3,864	1,379-
Surplus	1,080,997	995,864	85,133+
Undivided Profits	434,798	376,874	57,924+
Reserves	31,220	17,298	13,922+
<b>Total Capital Accounts</b>	<b>\$ 2,086,165</b>	<b>\$ 1,886,267</b>	<b>\$ 199,898+</b>
<b>Total Liabilities and Capital Accounts</b>	<b>\$27,112,642</b>	<b>\$25,192,606</b>	<b>\$1,920,036+</b>
<u>RESOURCES (By Type of Institution)</u>			
Banks	\$ 1,265,928	\$ 1,243,646	\$ 22,282+
Bank and Trust Companies	16,895,642	16,235,987	659,655+
Savings Banks	8,900,123	7,668,674	1,231,449+
Private Banks	41,263	35,442	5,821+
Trust Companies	9,686	8,857	829+
<b>Total Resources</b>	<b>\$27,112,642</b>	<b>\$25,192,606</b>	<b>\$1,920,036+</b>
<b>TRUST FUNDS</b>	<b>\$10,842,852</b>	<b>\$ 9,797,236</b>	<b>\$1,045,616+</b>
<b>TOTAL DEPOSITS</b>	<b>\$23,555,801</b>	<b>\$21,498,262</b>	<b>\$2,057,539+</b>

NUMBER OF INSTITUTIONS  
AND BRANCH OFFICES

	Operating		Operating	
	Institutions	Branch Offices	Institutions	Branch Offices
Banks	58	70	59	75
Bank and Trust Companies	92	856	90	798
Savings Banks	8	169	8	152
Private Banks	5	2	5	2
Trust Companies	2	0	2	0

165 MAY 20 1,097

164 1,027 DECREASE  
DOCUMENTS SECTION







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

MAY 21 1976

7/8/1976/Maa/23 cd

CONTACT: 717-787-2112

FOR RELEASE

NOT FOR RELEASE UNTIL NOON SUNDAY, MAY 23, 1976

Harrisburg - Calling for bankers to "get out from behind the barricades", Pennsylvania Secretary of Banking Carl K. Dellmuth said, "Banking has far more reason to be proud than to be apologetic."

The Secretary made the observation in a statement made public at the opening of the 82nd Annual Convention of the Pennsylvania Bankers Association in Atlantic City, New Jersey on Sunday, May 23.

He added that at a time when airlines, railroads and many other sectors of industry and business are said to be over-regulated, some critics strangely enough are finding banking under-regulated. The Secretary commented that "This call for greater restraints on banking initiative is the height of irony. By any standard, banking is now and always has been the most closely supervised and regulated of all major industries."

Secretary Dellmuth stated that, "Critics of banking, in their misplaced zeal, have simply not added up the score. In the midst of a period of economic stress from which we now are happily emerging, unequaled in intensity in many respects since the Great Depression, there were a few isolated banks that failed, but no depositors lost money.



"This contrasts with the period in 1931-33 when 9,000 out of 24,700 banks suspended operations. Records of the period show that bank failures enormously intensified the depression through the loss to depositors and the resulting curtailed lending, all leading to shattered public confidence."

Commenting on the recent decline, the Secretary said, "This time it has been different. Despite problems, our banking industry didn't let the economy come to a virtual halt. Banks continued to make loans to qualified borrowers of all classes. Despite the drumroll of continuing criticism from the misinformed in Washington and elsewhere, despite monumental economic problems on every hand -- most of which now are easing -- banks continue to take risks."

Secretary Dellmuth continued, "Perhaps it is time for bankers to step up and proclaim openly that one basic function of banking is the financing of ventures which have some element of risk. As the Congressional welkins ring in Washington over the alleged sins of the bankers, the accusations are really that bankers are not perfect. The cry is heard that if regulations were strict enough there would never be a bad loan. This is pure nonsense. We need to remind the public (and the Congress) that there is absolutely no venture that is risk-free."

"To a great degree," the Secretary said, "the charges echoing from the nation's capitol come in poor taste from the architects of so many fiscal and monetary disasters of their own. It was the Federal government who took HUD and turned it into one of the greatest boondoggles on record. Admittedly, some bankers over-estimated the market for





Florida condominiums. But those mistakes are a pale shadow beside the HUD errors in urban housing. I need not remind you that some of the high-rise mistakes in public housing were so pronounced that the only solution was dynamiting.

"Bankers should tell their story straight instead of exchanging billingsgate with those who seek to use scare and scandal as the excuse for further government intrusion into the private sector."

Secretary Dellmuth pointed out, "A glance at the scoreboard will show us that American industry and agriculture are able to secure the financing it needs at better rates year in and year out than anywhere else in the world. Overall, we see a sensitive, responsive, intricate and adventurous American banking system in operation. Despite this record, the hawkers of regulatory change ceaselessly cry for new approaches in the shape of more regulation, more restriction and always more investigation. To what end?

"Surely events of recent history, as well as in the continuing history of each day's news show that our banking system is functioning well, responding to every challenge, unfettered by the chains of unwise, unneeded and excessive regulation."

The Secretary noted, "When they speak of the need for change, do they not see that what we have here is a method of ongoing creative innovation and change, spurred on constantly by the demands and disciplines of the market place? This is banking's success story, and bankers and others should keep telling it at every opportunity. The house that burns down is more interesting news than the thousands that don't burn, and the bank that fails draws more headlines than the thousands that do not!"



The Secretary concluded, "To be viable and growing, we must continue to accept risk, knowing there will be some failure, despite all reasonable precautions. But we do know that in accepting risk, we build for the future -- create jobs, create opportunities, give hope and sustenance to those of our generation and of the next. No reasonable men and women can do more, nor should they try to do less."

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

JUN 4 1976

Milton J. Shapp  
Governor433 Education Bldg  
Harrisburg Pa 17120Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: JUNE 2, 1976

Harrisburg - Governor Milton J. Shapp announced the appointment today of John B. Toppin as Acting Secretary of Banking for the Commonwealth. Secretary Toppin, who has been with the Department of Banking since May 1, 1946, has been Executive Deputy Secretary of Banking since early this year.

A native of Mount Joy in Lancaster County, the Secretary was educated in the Mount Joy Public Schools and Mount Joy High School. He received his AB degree in pre-law from Franklin and Marshall College in 1938, and immediately afterward started in banking with the First National Bank and Trust Company of Mount Joy. He served with the bank until 1943, when he entered the Army Air Force in World War II, serving until 1946, when he joined the Department.

Secretary Toppin has advanced through the ranks, having held the posts of Supervising Examiner with the Department, beginning in 1963, becoming Executive Assistant to the Secretary of Banking in 1967, and then Deputy Secretary of Banking in 1969.

He is a member of the Society of Financial Examiners.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

JUN 7 1976

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

61.17/8.1976/6/3 c.2

CONTACT: 717-787-2112

FOR RELEASE: JUNE 3, 1976

Harrisburg - John B. Toppin, Acting Secretary of Banking, today announced that the Pennsylvania ceiling rate on residential mortgages under \$50,000 will increase to 9 1/2% for July. The ceiling figure for June is 9 1/4%.

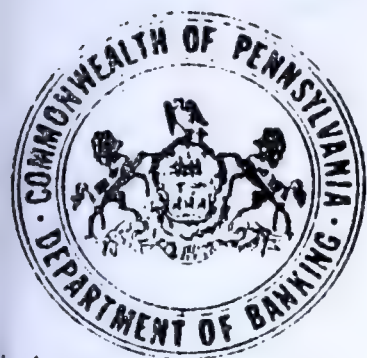
This ceiling rate is compiled under legislative mandate by adding 2.50 percentage points to the yield rate on long term Government bonds as compiled by the Board of Governors of the Federal Reserve System, Washington, D. C. The latest yield rate on long term Government bonds was 6.99%, and adding 2.50% to that gives 9.49%, which rounds off to 9 1/2%.

The monthly ceiling rates so far this year have been:  
January and February, 9 3/4%; March and April 9 1/2%; May and June 9 1/4%.

##







COMMONWEALTH OF PENNSYLVANIA/UL 1 1976  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

LIBRARY  
DEPARTMENT OF COMMERCE

NEWS RELEASE

17/8/1976/6/25 c.2  
CONTACT: 717-787-2112

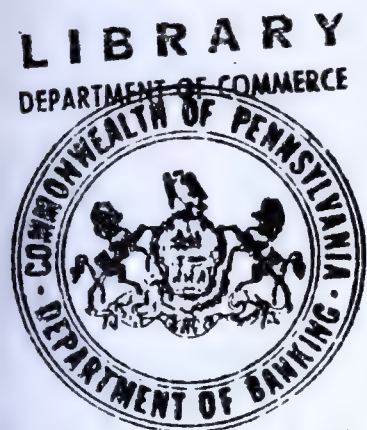
FOR RELEASE June 25, 1976

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell announced the appointment of John K. Black as an Assistant Director of the Department's Banking Bureau. Mr. Black, who joined the Department in 1968 as a bank examiner, will be in charge of the supervision of banks in Western Pennsylvania. In 1969, he was assigned to the central office staff in Harrisburg and since then has exercised general duties in the supervision of examiners and the monitoring of developments in electronic banking.

A native of Uniontown, Pa., Mr. Black graduated from Uniontown High School in 1958, and received his bachelor's degree in business administration from Grove City College in 1962. After college he served for three years as an assistant examiner with the Federal Reserve Bank of Philadelphia. Prior to joining the Department, Mr. Black was with the Bloomsburg-Columbia Trust Co., Bloomsburg, Pa., for two years as assistant to the president.

He and his wife, Nancy, and their two children, Jennifer and Daniel, are residents of suburban Camp Hill. Mr. Black's father, the late Edward D., retired as an examiner from the Department in 1969 after 27 years service.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

JUL 16 1976

## NEWS RELEASE

17/8:1976/6/30-2  
CONTACT: 717-787-2112

FOR RELEASE: JUNE 30, 1976

Harrisburg - Edward P. Furia, Bank Examiner IV with the Pennsylvania Department of Banking, has graduated from the Stonier Graduate School of Banking of the American Bankers Association. Mr. Furia was one of 281 bankers from all parts of the nation that made up the Class of 1976. His thesis was entitled "The Dual Banking System: Its Merits, Strengths and Vulnerabilities".

To graduate from the Stonier School, in addition to completing his approved thesis, Mr. Furia took part in a three year program, including three two-week resident summer sessions at Rutgers University, New Brunswick, New Jersey. A graduate of the University of Pennsylvania, he joined the Department as an examiner trainee in 1960. Mr. Furia, his wife and two sons are residents of Chester, Pennsylvania.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKINGMilton J. Shapp  
Governor433 Education Bldg.  
Harrisburg, Pa. 17120William E. Whitesell  
Secretary

JUL 16 1976

## NEWS RELEASE

117/8:1976/71cd

CONTACT: 717-787-2112

FOR RELEASE: JULY 1, 1976

Harrisburg - Upon taking the oath of office today as Pennsylvania's new Secretary of Banking, Dr. William E. Whitesell hailed the overall condition of the state's banking and financial institutions. He said that "They are emerging relatively unscathed from one of the worst economic downturns since the 'Great Depression'. Most importantly, banks and other financial institutions have stood the test and are prepared to take part in the nation's sustained economic recovery of measured growth with a minimum of inflation."

The new Secretary, a former member of the economics faculty of Franklin and Marshall College, Lancaster, Pennsylvania, was confirmed by the State Senate on a unanimous vote. A vote of 34 of the 50 Senators is required for confirmation as a cabinet officer.

As a recognized authority on banking economics, Dr. Whitesell is the first Secretary of Banking in over 30 years who is neither a lawyer nor professional banker. A generation or more ago, there were several Secretaries who held graduate degrees in business administration. As far as records can determine, however, Dr. Whitesell is the first banking economist to hold the post of Pennsylvania Secretary of Banking.

The new Banking Secretary is aware that he takes office at a time when bankers and the managers of other financial institutions all face decisions that can no longer be deferred. He said, "Within the next year to 18 months, we are all, regulators and regulated, going to be forced to make choices that will shape the industry for years to come."

"Those individuals who are concerned with the financial structure of the nation must recognize the necessity to anticipate as well as simply respond to consumer needs. In some cases, this means that we shall have to educate consumers in the use of new techniques or new ways of doing old business. This continual process of education is an integral part of the maintenance of freedom of choice and a competitive climate among financial institutions."

In helping banking and finance make these choices, Secretary Whitesell said he intends to continue making the Department's voice heard in the financial councils of the nation. He observed that Pennsylvania is one of the most economically important and vibrant states of the nation. As the nation turns inward to exploit its own energy sources, Pennsylvania's coal will make us more important economically than ever. It is up to our banking and financial institutions to prepare for this improved economic status with Pennsylvania once more becoming truly the 'Keystone State' for the nation."

Discussing the role of the Department, Secretary Whitesell commented, "Our duties are regulatory. This does not mean, however, that they are only advisory. For our charge is not only to see that we have safe institutions, but also institutions responsive to the needs of the public. In this regard, Pennsylvania has a great heritage of institutional responsibility and responsiveness to the needs of individuals."

As a frequent contributor of articles and presentations on a variety of financial topics, Dr. Whitesell noted that there "is no imperative need for change, simply for the sake of change. Wise change and growth are the results of thorough study of existing facts and careful consideration of alternatives. This may not preclude controversy about particular decisions," he noted, "but it will ensure a systematic and thoughtful approach to problem solving."

Dr. Whitesell assured all that he was "willing and anxious to hear views on topics which affect you directly," adding, "such an exchange of views is an essential ingredient of the decision-making process."

"





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE JULY 6, 1976

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today announced that the ceiling rate on residential mortgages under \$50,000 will be unchanged at 9 1/2% in August for the second month in succession.

Under legislative mandate the Secretary of Banking sets the ceiling rate each month for the succeeding month by adding 2.5 percentage points to the long term Government bond rate as computed by the Federal Reserve Board, Washington, D. C. The latest rate on long term Government bonds was 6.92%, to which was added 2.5%, for a total of 9.42%. This rounds off to the 9 1/2% figure.

The ceiling rate pattern so far for 1976 has been 9 3/4% for January and February, 9 1/2% for March and April, 9 1/4% for May and June, and 9 1/2% for July.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: August 4, 1976

Harrisburg - William E. Whitesell, Pennsylvania Secretary of Banking, today announced a decline in the ceiling rate on residential mortgages under \$50,000 to 9 1/4% for the month of September. This is a drop of one quarter of one per cent from the 9 1/2% figure for August, and equals the lowest point for the year. The 9 1/4% rate also held for May and June.

Under authority delegated by the Legislature, the Secretary of Banking sets the ceiling rate by adding 2.5% to the long term rate on Government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest rate on long term Governments was 6.85% to which was added 2.50% for a figure of 9.35% that rounds off to the nearest quarter at 9.25%, or 9 1/4%.

This year the rate pattern has been 9 3/4% for January and February, 9 1/2% for March and April, 9 1/4% for May and June, and 9 1/2% for July and August. In September of 1975 the ceiling figure was 9 1/2%.

##





AUG 16 1976

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

*Library*

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

AUG 13 1976

FOR RELEASE: 6:30 PM  
AUGUST 11, 1976

SECRETARY OF EDUCATION

Lancaster, Pa. - The leadership of Pennsylvania banking must react promptly to meet the many challenges currently facing the industry. This observation was the dominant theme in an address by Pennsylvania Secretary of Banking William E. Whitesell before a dinner meeting this evening of the Lancaster Chapter of the American Institute of Banking at the Conestoga Sheraton Village. The AIB is the educational arm of the American Bankers Association, which provides ongoing educational opportunities for members of the banking profession throughout the area.

Approximately 400 attended the reception and dinner meeting in honor of Dr. Whitesell, who formerly was a member of the economics faculty of Franklin and Marshall College. Taking part in the event were not only students of AIB courses, but also senior officers and directors from banks throughout the area. Dr. Whitesell's speech was his first since taking office on July 1 as a member of Governor Shapp's cabinet. The Department under his administration is one of the ranking banking supervisory agencies of the nation in the same category with the bank regulatory agencies of New York State, Illinois and California.

Secretary Whitesell developed the point that a danger exists in the failure to recognize the stresses resulting from a dual standard for state-chartered and Federally-chartered institutions. He said a prompt legislative effort in Pennsylvania to remedy this situation is of the utmost importance in view of the continued expansion of Federally-chartered savings and loans. Secretary Whitesell cited as an example the

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION - more -

SEP 2 1976





application of a Pittsburgh based Federal savings and loan for a branch in Lebanon, Lebanon County, an action which would violate state laws if done by a state-chartered institution.

However, the Secretary remarked, the need to grant state-chartered institutions the parity of statewide permissiveness is just one of the many new problems facing the banking profession at the present time. Among a few of the more pressing issues just over the horizon are checking account powers for thrift institutions; the possibility of banking reforms on a regional basis, similar to the experiment with NOW accounts in the New England area; interest on escrow accounts; the disputes surrounding the holder-in-due-course doctrine; service charges on checking accounts and even possibly service charges on savings accounts, as well as the possibility of variable rates to be paid on savings, and variable rates on mortgage loans.

The Secretary expressed confidence that through the AIB young bankers will be equipped to meet all of these problems and others that develop in wake of today's swiftly moving events. He remarked that the AIB has created an enviable record of preparing young bankers to meet the challenges of the day, and in doing so the Institute has been a prime source of banking leadership locally, statewide and nationally. Secretary Whitesell was particularly complimentary of AIB methodology that integrates work experience with evening classes.

He found most praiseworthy the custom of having senior bankers act as AIB instructors. The Secretary called attention to the dual benefit of this method that gives the students not only the exposure to the



depth of experience of seasoned professionals, but at the same time keeps management people aware of the thinking and attitudes of the rising generation of potential leaders.

In this regard, Secretary Whitesell expressed his strong support of the continuing efforts of the AIB to maintain programs of ongoing education for men and women in banking at all levels. He concluded with the observation that the high degree of awareness about crucial issues on the part of most bankers is one of the many reasons that they as a group so often fill vital roles in community leadership out of all proportion to their actual numbers.

Secretary Whitesell called upon his audience as community as well as banking leaders, to view not only their own problems, but also the state's problems in the wider context of the general public good so that Pennsylvania may respond to new tides of change.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE AUGUST 19, 1976

Harrisburg - "I will not oppose any Pennsylvania mutual savings bank that seeks checking powers consistent with the formal legal opinion of the Attorney General, as prepared by Deputy Attorney General Jeffrey G. Cokin." This was the response of Pennsylvania Secretary of Banking William E. Whitesell to word that the opinion, which has not yet been received by the Department, indicates that non-interest-bearing payments accounts may be offered by the state's thrift institutions.

Deputy Attorney General Cokin's formal legal opinion will be published shortly in the Pennsylvania Bulletin, following final approval by Attorney General Robert P. Kane, Solicitor General Vincent X. Yakowicz, and the Deputy Attorney General in charge of Civil Law, Gerald Gornish.

In making this statement, Secretary Whitesell said he had "hoped that checking privileges would have been granted to the state's thrift institutions as part of an overall package to have included rate equalization on time deposits, through modification of the Federal Reserve Board's Regulation Q, along with other changes."

"But", the Secretary commented, "although such an approach is unlikely at this time, it is my view that the Department cannot and should not stand in the way of the extension of wider services to the general public if non-commercial-bank depository institutions are determined to provide them."

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

- more -



"Just because we cannot adjust Regulation Q to meet our present needs does not mean that we should not make modifications which will move us toward our ultimate goal."

Secretary Whitesell observed that this prospective action, whose ultimate form depends on the nature of the Attorney General's brief, "may be the very lever we need to bring about the reform or removal of Regulation Q, at least on a regional basis." The Secretary took this opportunity to indicate his interest in and selective support for the effort by New York State, New Jersey and the New England states to have Federal banking reform developed on a regional basis through the passage by Congress of a geographically limited FIA (Financial Institutions Act).

Cautioning institutions who may apply for these as yet undefined limited checking privileges, the Secretary noted that competing commercial banks will be able to show their potential competitors that a close analysis of checking account costs indicates such services may not be the bonanza frequently assumed. This fact of banking life is quickly being discovered by the newest entrants into the checking field in New York. "Thus", the Secretary said, "those institutions moving in the direction of offering checking-like services should consider the costs as well as possible benefits."

Overall, Secretary Whitesell sees the prospective innovation as being indicative of a series of more complex changes among the various types of depository institutions. Electronic funds transfers and other innovations will further alter traditional practices. He thinks the leaders of all financial intermediaries must prepare themselves for operating in this new competitive milieu.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE August 26, 1976

Harrisburg - The new president of the National Association of State Credit Union Supervisors is a Pennsylvanian, Robert J. Sarsfield, director, Consumer Credit Bureau, Pennsylvania Department of Banking. He was elected to succeed Charles Aron, director of credit unions and savings associations for the State of Nebraska at the National convention held in Boston August 15-19.

The National Association includes in its membership 43 state credit union supervisors who have the responsibility for over 10,000 state-chartered credit unions that handle over 14-million accounts. In Pennsylvania, Mr. Sarsfield has the supervision and regulation of 184 state-chartered credit unions with over 170,000 accounts.

As incoming president, Mr. Sarsfield takes office after having served the National Association successively as secretary, third vice president, second vice president and, most recently, first vice president.

The new president was appointed director of the Consumer Credit Bureau of Pennsylvania's Department of Banking last November. In his post he also supervises and regulates small loan companies, consumer discount companies, credit unions, sales finance companies, collectors-repossessors, installment sellers and pawn brokers.

Mr. Sarsfield has been with the Bureau since 1957 and had served as Acting Director beginning January 1975. He had been Assistant Director since January of 1969. Before entering State service, he was a loan manager with a consumer credit firm in Eastern Pennsylvania. Mr. Sarsfield, his wife, Helen, and their son, Robert, Jr., are residents of Rutherford Heights, suburban Harrisburg.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE 7:00 P.M.  
September 1, 1976

Philadelphia - What a bank pays for its input, money, and what it charges for the array of services it offers, should be determined by competitive market conditions -- not regulation. This was the message of Pennsylvania Secretary of Banking William E. Whitesell to a gathering of the area's leading commercial bankers at a dinner meeting held this evening in his honor, hosted by the Fidelity Bank at the Union League.

Denying published reports that he wishes to do away with all regulation and controls, the Secretary did, however, reaffirm his support of statewide banking and branching by all financial institutions. In this respect, Secretary Whitesell stated it is correct to say he would allow commercial banks, mutual savings banks and savings and loan associations the option of becoming similar institutions as they adjust the mix of their services to best meet the needs of their customers.

Warning that competition may force various types of institutions to pay interest on demand deposits, he discounted the myth that interest on such deposits was a factor in the bank failures of the 1930s. Secretary Whitesell's point was that if an institution finds it can pay interest on demand deposits and still make a profit, it should be allowed to do so. Policy should be determined whenever possible by economic considerations rather than by regulation.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

- more -







In saying he strongly favors statewide banking, the Secretary made it clear he would "...allow statewide branching for any institution that wanted to do so." Assailing the idea that such an innovation would lead to wholesale failures among smaller banks and thrift institutions, he said that, on the contrary, it would force many local monopolists to take competitive action.

On the subject of checking powers for thrift institutions, he suggested that this could mean that thrifts "...will pay lower rates on deposits," and "charge higher rates on loans." But the Secretary commented whatever the solution, it should be arrived at by "rational economic determination."

His response to the subject of interest on escrow accounts also was based on the view that an institution's policy reaction should arise from competitive market judgment. Secretary Whitesell said some will find it profitable to pay interest on escrow accounts, while others would prefer to drop them entirely. Whatever the course taken, the Secretary said he would prefer that choices be made by the institutions rather than result from some form of intrusive regulatory directive by the State.

Viewing the problem of providing mortgage funds for the declining areas of our cities, the Secretary commented that financial institutions might be accused of "redlining" when they may be carrying out normal investment policies in a difficult situation. Accusations that lending institutions engage in collusive redlining practices may result from the fact that similar institutions are structured to react in the same way to increased risk. Secretary Whitesell said banks and other real estate investors should not be expected to assume a disproportionate part of a



social burden for which they are not equipped. His conclusion is the preservation and support of local neighborhoods must primarily be the responsibility of government with public funds. To carry this out, he called for a system of loan guarantees or outright loans by government.

##







# COMMONWEALTH OF PENNSYLVANIA SEP 8 1976 DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

LIBRARY  
DEPARTMENT OF COMMERCE

## NEWS RELEASE

1.17/8:1976/9/3

CONTACT: 717-787-2112

FOR RELEASE September 3, 1976

Harrisburg - The Pennsylvania ceiling rate on residential mortgages under \$50,000 will remain unchanged at 9 1/4% for October, as it has been for September, it was announced today by Secretary of Banking William E. Whitesell.

The ceiling rate is computed under legislative mandate by the Banking Department each month for the succeeding month. The computation involves adding 2.50% to the rate on long term government bonds as compiled by the Federal Reserve Board, Washington, D. C. The latest yield rate on long term governments was made public by the Federal Reserve as 6.79%. Adding to this figure 2.50 gives 9.29 which rounds off to 9 1/4%.

The ceiling rate of August was 9 1/2%. This year the rate reached a high of 9 3/4% in January and February. It was 9 1/2% for March and April, dropped to 9 1/4% for May and June, and went up to 9 1/2% for July. Looking back to 1975 the October rate at that time was 9 1/2%.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa 17120

William E. Whitesell  
Secretary

PB1.17/8  
9-13-76  
C.2

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Monday,  
September 13, 1976

Harrisburg - Secretary of Banking William E. Whitesell today reported that as of mid-year, total resources of Pennsylvania's State-chartered banks were up 8.5%, to a new all-time high of \$27,942,281,000. This represents an increase of \$2,193,373,000 over June 30, 1975, when the total was \$25,748,908,000. The Secretary made these figures public as part of an analytical study made twice each year by the Department.

The principal factors contributing to the growth were a \$2,103,584,000 upswing in deposits in State-chartered banks and a \$214,130,000 rise in capital accounts over the figures reported for June a year ago. The Secretary noted that 19.1% of the new bank funds were used to expand loans, while 64% went into investments such as U. S. Treasury securities.

A more detailed analysis of total resources of all State-chartered commercial banks ( the state's eight mutual savings banks are not included in the following computation because of their differing financial structure) discloses that loans and discounts at the end of June amounted to 60.2% of total assets. This compares to June, 1975 when the ratio was 63.6% and to December 31, 1975 when the ratio was 61.9%. This decline in loan totals and discounts probably reflects a policy of greater loan selectivity as well as an easing of loan demand.





The percentage of total assets of the State's commercial banks in investment securities was 26.9% as of June 30, 1976, compared to 25.9% six months before that, and to 24.4% in June, 1975. To some degree, the decline in loan and discount ratios, accompanied by a moderate rise in the ratio of investment securities, is an indicator of moderate caution during this period. It also reflects a healthy banking system which will be able to finance an expected strengthening of loan demand in the coming months.

This same restraint is visible in the 9.2% of total assets represented by cash and due from other banks. This is up from 8.9% in December and up from 8.3% in June, 1975. The percentage of total assets in all other resources remained relatively unchanged at 3.6% for this June, 3.3% for last December, and 3.7% for June, 1975. Likewise, there was little change in the ratio of total capital accounts to total deposits which amounted to 9.9% as of June 30, 1976, versus 9.6% for December, 1975, and 9.7% for June a year ago.

Indicative of an easing of loan demand and perhaps of tightening credit standards, the loans to deposit ratio this June was 71.4%, down from 73.5% last December and below the 76.9% figure for June of last year.

The capital accounts of Pennsylvania banks as a percentage of total assets have increased to 8.4% at the end of June, compared to 8.1% at the end of last December, and likewise 8.1% for June 1975. Secretary Whitesell noted that FDIC computations for all of the nation's commercial banks as of December 31, 1975 disclosed a capital to assets figure of 7.3%, which shows that Pennsylvania's commercial banks are well above the national average.



The total number of banking offices in Pennsylvania at mid-year 1976 was 1,271, up from 1,224 a year earlier. The gain of 47 offices was the result of new branch construction as the number of branches rose from 1,059 to 1,106. In the comparable period of June, 1974 through June, 1975 the number of bank branches increased by a total of 128. The slower rate of branching may be the result of several factors. In some sectors, branch banking has reached or is close to a saturation point. Increased construction costs have also had a role in regards to the willingness of banks to commit substantial amounts of capital to this form of expansion. The slowdown may also reflect a wait-and-see attitude, pending future technological developments associated with electronic funds transfers or political developments such as the possible passage of statewide branching legislation.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Savings Institutions, Private Banks and Trust Companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

RESOURCES	June 30, 1976	June 30, 1975	Increase+ Decrease-	
Cash, Due from Banks, etc.	\$ 1,832,525	\$ 1,626,534	\$ 205,991+	
U.S. Government and Agency Obligations	3,408,662	2,615,256	793,406+	
Obligations of State and Political Subdivisions	2,510,206	2,350,307	159,899+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,059,265	2,534,217	525,048+	
Federal Funds Sold	720,844	707,438	13,406+	
Loans and Discounts	15,510,161	15,068,078	442,083+	
Bank Premises & Furn. & Fixt.	311,650	301,129	10,521+	
Other Real Estate	47,983	27,557	20,426+	
Other Resources	540,985	518,392	22,593+	
Total Resources	<u>\$27,942,281</u>	<u>\$25,748,908</u>	<u>\$2,193,373+</u>	
LIABILITIES				
Demand Deposits	\$ 4,965,532	\$ 4,997,742	\$ 32,210-	
Time and Savings Deposits	19,284,439	17,148,645	2,135,794+	
Federal Funds Purchased	831,237	698,675	132,562+	
Borrowed Money	194,012	199,235	5,223-	
Other Liabilities	531,739	783,419	251,680-	
Total Liabilities	<u>\$25,806,959</u>	<u>\$23,827,716</u>	<u>\$1,979,243+</u>	
CAPITAL ACCOUNTS				
Capital Securities	\$ 268,670	\$ 227,161	\$ 41,509+	
Capital Stock	276,869	272,223	4,646+	
Net Worth of Private Banks	3,939	4,031	92-	
Surplus	1,106,176	1,013,808	92,368+	
Undivided Profits	443,523	387,910	55,613+	
Reserves	36,145	16,059	20,086+	
Total Capital Accounts	<u>\$ 2,135,322</u>	<u>\$ 1,921,192</u>	<u>\$ 214,130+</u>	
Total Liabilities and Capital Accounts	<u>\$27,942,281</u>	<u>\$25,748,908</u>	<u>\$2,193,373+</u>	
RESOURCES (By Type of Institution)				
Banks	\$ 1,309,986	\$ 1,281,128	\$ 28,858+	
Bank and Trust Companies	17,382,876	16,438,910	943,966+	
Savings Banks	9,200,453	7,971,891	1,228,562+	
Private Banks	39,360	47,937	8,577-	
Trust Companies	9,606	9,042	564+	
Total Resources	<u>\$27,942,281</u>	<u>\$25,748,908</u>	<u>\$2,193,373+</u>	
TRUST FUNDS	\$11,144,310	\$ 9,099,038	\$2,045,272+	
TOTAL DEPOSITS	\$24,249,971	\$22,146,387	\$2,103,584+	
NUMBER OF INSTITUTIONS AND BRANCH OFFICES	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	58	68	59	76
Bank and Trust Companies	92	864	91	825
Savings Banks	8	172	5	156
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
	<u>165</u>	<u>1,106</u>	<u>165</u>	<u>1,059</u>





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: SEPTEMBER 17, 1976

Carlisle, Pa. - Friday, September 17 - Government regulation should not be looked upon as a substitute for free market competition, Pennsylvania Secretary of Banking William E. Whitesell told a meeting of chief executive officers of banks of nearby counties, making up Group Five of the Pennsylvania Bankers Association, which includes the counties of Mifflin, Juniata, Perry, Dauphin, Lebanon, Lancaster, Cumberland, Adams and York.

Speaking Thursday evening at the Embers Restaurant, the Secretary said that he "believes competitive markets force the adoption of the most efficient means of doing business." He also told the bankers they could expect growing competition from many sources and that they should be prepared to meet such competition head-on.

In his remarks, the Secretary spoke of increasing competition for commercial banks from mutual savings banks and savings and loans, he said that he felt they could meet the competitive challenge, and that all the institutions would serve the public better as a result.

According to Secretary Whitesell, bankers must continue their traditional role of community leadership. But he warned that such leadership is not inherited or bestowed and can only be earned by those willing to put forth the effort.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: OCTOBER 7, 1976

Harrisburg - For the month of November the Pennsylvania ceiling on residential mortgages under \$50,000 will continue for the third month at the 9 1/4% level, it was announced today by Secretary of Banking William E. Whitesell.

This rate is set each month under legislative directive by the Banking Department. It is arrived at by adding 2.50% to the rate on long-term government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest rate on long-term governments was announced by the Board as 6.70%, to which the Department added 2.50%, for the figure of 9.20%, which rounds off to 9 1/4%.

The ceiling rate dropped to 9 1/4% for September, was continued at that level for the current month of October, and now continues into November. A year ago, in November of 1975, the ceiling rate was 9 3/4%. So far this year the rate has not gone below the 9 1/4% level, nor has risen above the 9 3/4% figure. For 1976, the January ceiling was 9 3/4%, which continued in February. It was then 9 1/2% for March and April, 9 1/4% for May and June, and 9 1/2% for July and August.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitaker  
Secretary

OCT 21 1976

## NEWS RELEASE

OCT 22 1976

31.17/8:1976/Oct 21(?) C.2  
CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE

Harrisburg - The Pennsylvania Department of Banking announced that it has taken possession of Centennial Bank, Philadelphia's smallest commercial bank.

The Department regretfully announced this step today after months of intensive, but unsuccessful efforts to either revitalize the bank or to merge it with a stronger institution. The Department stated that with the continued deterioration of the credits, neither solution was possible. The Department nevertheless wishes to thank various banks in the Philadelphia area for their assistance with expert personnel in the long drawn out and futile efforts to make Centennial once again a viable operating institution.

This occurrence does not in any way reflect on other Philadelphia banks, but is merely indicative of a series of unfortunate circumstances for this single bank. A lagging economy, coupled with the extension by Centennial of a number of risky loans, proved too much for Centennial's limited resources, despite prolonged efforts to remedy the situation.

Founded in 1923, the institution has undergone frequent changes of management, which has disturbed continuity of policy. In recent years, Centennial has added three branches, giving it a total of four banking offices. Its headquarters has been at 1930 Chestnut Street, with two



branches in center city Philadelphia and one in the Bustleton area of the Northeastern section of the city. Resources were in the \$14-\$15-million range, down from \$25-million at its peak.

Negotiations are currently under way with other Philadelphia banks for a possible purchase of assets and an assumption of liabilities, which could mean a payment to depositors of 100% of their account balances, regardless of amount. In any event, the Federal Deposit Insurance Corporation (FDIC) will pay 100% of deposits up to \$40,000 per account.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

OCT 26 1976  
RECEIVED  
DEPARTMENT OF COMMERCE

61.17/8:1976/10/22 02  
CONTACT: 717-787-2112

IMMEDIATE RELEASE

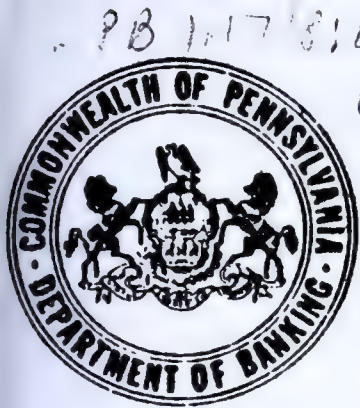
FOR RELEASE: OCTOBER 22, 1976

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell announced that the Department has arranged the purchase of Centennial Bank, Philadelphia, by Lincoln Bank, Philadelphia. All four offices of Centennial opened today, Friday, October 22, as branches of Lincoln Bank, for the transaction of banking business.

Centennial Bank was closed by the Banking Department prior to the opening for business on Wednesday, October 20. Immediate efforts were made to arrange for a takeover of Centennial by a stronger institution. This successfully culminated late Thursday when Common Pleas Court Judge Edward Rosenwald gave legal consent to the sale. The Federal Deposit Insurance Corporation (FDIC) cooperated in making the takeover by Lincoln Bank possible.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: OCTOBER 27, 1976

Harrisburg - Since its inception, one of the goals of the Consumer Affairs Division of the Pennsylvania Department of Banking has been to explain to the public some of the operating intricacies of financial transactions. One of the areas which has aroused the largest number of misunderstandings on the part of the public is the question of how interest is refunded in the event a consumer loan is paid off in advance.

The common assumption, according to Consumer Coordinator Wilbur H. Stark, is that on a 12, 24, 36, or 48 month installment loan, the interest is prorated equally every month over the life of the loan.

Stark points out that the common assumption is incorrect. As an example, he cites the instance of a \$1,200 loan made up of \$1,100 principal and \$100 interest. The loan is repayable in 12 monthly installments of \$100 each; the borrower owes \$1,200 the first month and only \$100 in the final month.

Thus, in the initial months of the loan, the borrower has the use of much more of the lender's money than he has towards the close of the transaction. If the loan were to be repaid, how much interest should be paid to the lender, and how much should be refunded to the borrower? To arrive at a fair solution to this problem, some 44 states have adopted a formula known as the "Rule of 78".

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

Under this formula, much more of the \$100 per month payment in the initial months represents interest and much less represents payment on the principal. The payments paid towards the end of the





loan represent much larger amounts of repaid principal and less interest.

Pennsylvania is one of the 44 states which uses this formula. It is sanctioned by the U. S. Government in connection with Federally insured loans and enables the creditor to collect a yield that is nearly constant in relation to the money still owed him while the debtor is charged only for the amount he still has in use.

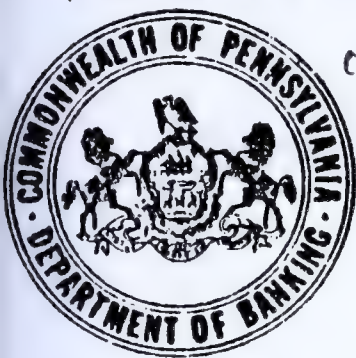
As compiled by accountants and mathematicians, the Rule of 78 is arrived at by adding the numbers 1 through 12 ( $1+2+3+4+5+6+7+8+9+10+11+12$ ) for a total of 78. Since the borrower has 12 times as much of the lender's money in the first month, the creditor earns 12 times as much interest in that initial month, or  $12/78$ ths for the first installment. The second interest installment represents  $11/78$ ths. Thus, within the first two months of the loan, the creditor has earned  $23/78$ ths of the interest to be charged; and by the end of the third month, the creditor would have earned  $33/78$ ths of the interest due him.

Suppose the borrower is able to pay off the loan at the end of the third month. Stark notes that the lender has earned  $33/78$ ths of the interest due him. The borrower is then entitled to  $45/78$ ths of the interest as a refund. The same formula can be easily used to determine the amount of refund repayable for any month desired.

The Rule of 78 is more accurately entitled the "sum-of-the-digits" formula. In the case of a two year loan, the total sum of the digits would be 300, with the creditor earning  $24/300$ ths of the interest in the first month. In a 36 month or three year loan, the adding of the numbers of 1 through 36 would give a total of 666. Actually, the amortization formula can be tailored for any period of time where monthly installments are involved.

Despite its seeming complexity, the Rule of 78, Stark said, is really an impartial formula under which the borrower pays for the money he has to use when he has it. When his repayments have reduced the amount of the creditor's money he has, the borrower then justifiably pays less and less interest.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: OCTOBER 27, 1976

Harrisburg - John B. Toppin retired today as Pennsylvania's Executive Deputy Secretary of Banking, having served with the Department since May 1, 1946, when he started as an Assistant Bank Examiner.

A graduate of Franklin and Marshall College, Mr. Toppin advanced through the ranks of the Department to become Supervising Examiner in June of 1963. He was appointed Executive Assistant to the Secretary of Banking in August of 1967, and became Deputy Secretary of Banking in May of 1969. Mr. Toppin was named Executive Deputy Secretary of Banking on October 30, 1975, holding that post until his retirement, except for the period June 2 through June 21, 1976, when he was Acting Secretary of Banking, pending the appointment of a new Secretary of Banking by the Governor.

Secretary of Banking William E. Whitesell presented to him a citation for his long service to state government from Governor Milton J. Shapp at a reception and dinner in his honor held Sunday, October 24 at Parkview Manor, Hershey. Present at the testimonial were leading bankers from throughout the state, members of the Department staff, and representatives of financial trade associations headquartered in Harrisburg.

Born in Mount Joy, Lancaster County, Pa., October 12, 1916, Mr. Toppin was educated in the Mount Joy Public Schools. After college and prior to joining the Banking Department, he served on the staff of the First National Bank and Trust Co. of Mount Joy in 1938-43. Active in Mount Joy Community affairs, he was treasurer of the Mount Joy Borough Authority in 1956-57, and chairman of the Authority in 1958.

- more -

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION







October 27, 1976

Mr. Toppin is married to the former Marian R. Nissly, also of Mount Joy. They have two children, a daughter, Pamela, the wife of J. W. Bradley of Alexandria, Virginia, and a son, John, II, of Merchantville, New Jersey. In his professional affiliations, Mr. Toppin has been a member of the Society of Financial Examiners, and has served as a governor to the nationwide organization. During World War II, he served with the Army Air Force in 1943-46, including taking part in the Specialized Training Program (German and Area Study).

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

PB117/8  
113.76  
12

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: NOVEMBER 3, 1976

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today announced that the ceiling rate would remain unchanged for December at 9 1/4% on residential mortgages under \$50,000. The 9 1/4% figure has been the ceiling since September.

The ceiling rate is set monthly by the Secretary of Banking by adding 2.5% to the yield rate on long term Government bonds as compiled by the Federal Reserve Board, Washington, D. C. The latest figure announced by the Board was 6.65%. Adding 2.50% gives a total of 9.15% that rounds off to the nearest quarter or 9 1/4%.

With the setting of the December rate the pattern for the year shows that the highest ceiling rate was 9 3/4% for the months of January and February. It was 9 1/2% for March and April; 9 1/4% for May and June; 9 1/2% for July and August, and 9 1/4% for the balance of 1976.

##

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION

NOV 17 1976







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

NOV 10 1976  
L E P  
DEPARTMENT OF COMMERCE

## NEWS RELEASE

31.17/8.1976/11/8-2  
CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE November 8, 1976

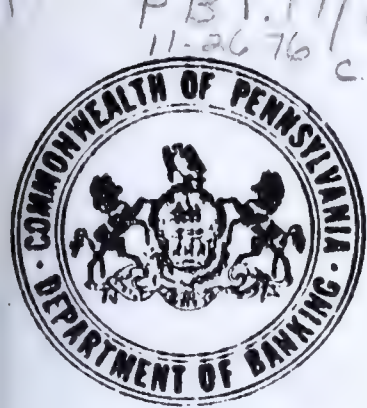
Harrisburg - Miss Bonnie Jean McRobbie, an Assistant Attorney General with the Pennsylvania Department of Justice, has been assigned to the Banking Department as Assistant Counsel to the Department. She joins John E. Nanorta, also an Assistant Attorney General, who is the Department's Chief Counsel. The appointment was announced today by Secretary of Banking William E. Whitesell.

Miss McRobbie, a native of Pittsburgh, received her J.D. degree in 1975 from Cornell Law School, Ithaca, New York, and her B.A. in 1971 from Randolph-Macon Woman's College, Lynchburg, Virginia, and has worked as a law clerk for the Commonwealth Court since March of this year. She is a member of the Allegheny County Bar Association, Pennsylvania Bar and American Bar Association, and was admitted to practice in Pennsylvania last April. Miss McRobbie also received diplomas in Hispanic Studies from the Universities of Madrid, Granada and Menendez-Pelayo in Santander, Spain. Her legal experience includes being a summer associate with the New York law firm of Milbank, Tweed, Hadley & McCloy.

Mr. Nanorta, the Department's Chief Counsel, received his J.D. degree in 1973 from Suffolk University Law School, Boston, Massachusetts, an M.A. from Duquesne University, Pittsburgh, in 1967, and his B.A. from

King's College, Wilkes-Barre, in 1965. Mr. Nanorta's legal experience in banking includes his association in 1973-75 with New England Merchants National Bank, Boston, where he was a member of the legal staff of the in-house counsel. Mr. Nanorta is a member of the Pennsylvania Bar Association and was admitted to practice to the Bar of the Supreme Court of Pennsylvania in 1974. He joined the Banking Department as Chief Counsel in February of this year. He and his wife, Janet, are residents of Hershey, Pennsylvania.

##



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Friday,  
November 26, 1976

Secretary of Banking William E. Whitesell today released the consolidated Report of Condition of State-chartered banking institutions as of September 30, 1976.

Total resources of Pennsylvania's State-chartered banks were \$28,423,730,000, the highest ever, on September 30, 1976 and reflect an increase of \$2,461,304,000 (8.7%) compared to September 30, 1975.

Increases of \$2,294,116,000 in deposits and \$210,922,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$521,463,000 in loans and \$1,534,150,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 60.1%; Securities Investments - 28.1%; Cash and Due From Banks - 8.1%; and All Other Resources - 3.7%. The ratio of total capital accounts to deposits is 10.1%. The loan to deposit ratio is 71.4%. Total capital accounts to total resources is 8.5%.

During this period the number of branches increased from 1,072 to 1,115 and total banking offices from 1,237 to 1,280.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Savings Institutions, Private Banks, and Trust Companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

RESOURCES	September 30, 1976	September 30, 1975	Increase+ Decrease-	
Cash, Due from Banks, etc.	\$ 1,654,398	\$ 1,476,192	\$ 178,206+	
U.S. Government and Agency Obligations	3,479,571	2,801,608	677,963+	
Obligations of State and Political Subdivisions	2,623,140	2,392,493	230,647+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,260,811	2,635,271	625,540+	
Federal Funds Sold	662,230	553,683	108,547+	
Loans and Discounts	15,821,138	15,299,675	521,463+	
Bank Premises & Furn. & Fixt.	316,809	302,630	14,179+	
Other Real Estate	45,025	36,888	8,137+	
Other Resources	560,608	463,986	96,622+	
Total Resources	<u>\$28,423,730</u>	<u>\$25,962,426</u>	<u>\$2,461,304+</u>	
LIABILITIES				
Demand Deposits	\$ 4,872,246	\$ 4,743,539	\$ 128,707+	
Time and Savings Deposits	19,765,930	17,600,521	2,165,409+	
Federal Funds Purchased	922,347	646,690	275,657+	
Borrowed Money	132,675	255,721	123,046-	
Other Liabilities	551,779	748,124	196,345-	
Total Liabilities	<u>\$26,244,977</u>	<u>\$23,994,595</u>	<u>\$2,250,382+</u>	
CAPITAL ACCOUNTS				
Capital Securities	\$ 275,221	\$ 230,402	\$ 44,819+	
Capital Stock	277,584	273,517	4,067+	
Net Worth of Private Banks	4,158	4,429	271-	
Surplus	1,122,703	1,033,585	89,118+	
Undivided Profits	461,096	409,329	51,767+	
Reserves	37,991	16,569	21,422+	
Total Capital Accounts	<u>\$ 2,178,753</u>	<u>\$ 1,967,831</u>	<u>\$ 210,922+</u>	
Total Liabilities and Capital Accounts	<u>\$28,423,730</u>	<u>\$25,962,426</u>	<u>\$2,461,304+</u>	
RESOURCES (By Type of Institution)				
Banks	\$ 1,342,220	\$ 1,354,133	\$ 11,913-	
Bank and Trust Companies	17,552,561	16,409,389	1,143,172+	
Savings Banks	9,476,697	8,154,068	1,322,629+	
Private Banks	42,398	35,463	6,935+	
Trust Companies	9,854	9,373	481+	
Total Resources	<u>\$28,423,730</u>	<u>\$25,962,426</u>	<u>\$2,461,304+</u>	
TRUST FUNDS	\$10,693,574	\$10,147,775	\$ 545,799+	
TOTAL DEPOSITS	\$24,638,176	\$22,344,060	\$2,294,116+	
NUMBER OF INSTITUTIONS AND BRANCH OFFICES	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	58	68	59	79
Bank and Trust Companies	92	871	91	831
Savings Banks	8	174	8	160
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
Total	<u>165</u>	<u>1,115</u>	<u>165</u>	<u>1,072</u>





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: NOVEMBER 30, 1976

Harrisburg - Saying he favored free markets for banking services, Pennsylvania Secretary of Banking William E. Whitesell made clear his "confidence" in the resolution of banking problems "in free and competitive settings."

Speaking to an audience of bank executives from the Allegheny County area at the William Penn Hotel, Pittsburgh, the Secretary commented that bank "Regulation can at best be an approximation of a market-determined solution", adding, "I think we should avoid substituting regulatory decisions where the market, under competitive conditions, is able to reach an answer."

The Secretary then detailed the increased competition commercial banks can anticipate in the future from various types of institutions ranging from credit unions to consumer finance companies, savings and loans and mutual savings banks. In this context he remarked, "Change is coming whether or not you and I like it." The Secretary explained, "Expansion of competitive powers may not come through legislation at the state level," and continued, "Much of the innovation is certain to come as a result of powers permitted to Federally-chartered institutions." The Secretary cited as an example the "ability of savings and loans with Federal charters to branch anywhere they want throughout the state without regard to the contiguous county law."

Warning bankers that Federal law supersedes state law, the Secretary indicated Pennsylvania will simply not be able to control the spread of teller machines, once they have Federal approval. He noted that the American Bankers Association presently appears to be in support of legislation which would declare that such machines are not branches as the Pennsylvania law presently considers them to be.





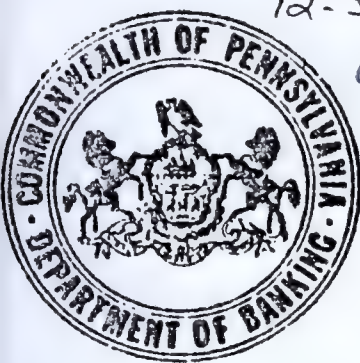
Secretary Whitesell, turning to another aspect of change, suggested that "We shall see a serious attempt at regional regulation of commercial banking." He noted that the New England states, plus New York and New Jersey, have sought to convince Congress to experiment with financial legislation there and to repeal Regulation Q in their area.

The Secretary made clear he joins with those who would remove the interest ceilings on deposits as set by Regulation Q. In his view, Regulation Q in its precedent setting role, has great potential for "mischief". According to Secretary Whitesell, if Congress can set the interest rate on various classes of deposits, it therefore follows it might be tempted to allocate credit by legislative fiat.

Pennsylvania's Secretary of Banking said, "I think we should resist any suggestion that the legislative branches at either the state or Federal level know better how to allocate credit than free, competitive market forces which work together to create the climate within which we all must operate."

In response to this vision of change, Secretary Whitesell said commercial banks must increase the level of their competitive vigor. He added, "Commercial bankers are going to have to become more aggressive in selling loans." This includes consumer loans where banking hours must be adjusted to meet the competition from finance companies and others. Likewise, decision making must be streamlined in making loans. Services must be priced realistically in relation to competition and the need for banks to make reasonable profits in the market place. Another aspect of deposit production is of course community involvement by banks and bankers. Secretary Whitesell concluded by saying commercial bankers must make every effort to offer their customers a truly comprehensive package of financial services that is within their capabilities, both by tradition and experience.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: DECEMBER 3, 1976

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today announced that the ceiling rate on residential mortgages under \$50,000 would drop to 9% in January. This is down from 9 1/4% for December, and the first time the ceiling rate has been this low since April of 1975. The ceiling was also at the 9% level when the enabling legislation first went in effect in March and April of 1974. Since then the ceiling rate has held in the range of between 9 1/4% and 9 3/4%, never higher than 9 3/4%.

The ceiling rate for residential mortgages under \$50,000 in Pennsylvania is set monthly by the Secretary, based on the yield rate on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Governments was 6.62% to which the Department, as directed by law, adds 2.5% for a total of 9.12% that rounds off the nearest quarter at 9%.

During 1976 the ceiling rate was 9 3/4% for January and February, 9 1/2% for March and April, 9 1/4% for May and June, 9 1/2% for July and August, and 9 1/4% for the balance of the year.

##

RECEIVED  
LIBRARY







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE DECEMBER 21, 1976

Harrisburg - Stanley K. Edden will retire at the end of 1976 after 36 years of service with the Pennsylvania Department of Banking. A 1923 graduate in accounting of Girard College, Philadelphia, Mr. Edden joined the Department in 1941 as an Assistant Bank Examiner. He became a Bank Examiner II in 1952 and a Bank Examiner III in 1957, the rank he held at his retirement.

Mr. Edden was honored by the Governor with a formal congratulatory proclamation for his many years of devoted service. Mr. Edden was also presented with a letter of commendation from Pennsylvania Secretary of Banking William E. Whitesell at a luncheon in his honor held earlier this month in Philadelphia. Attending the gathering in addition to Banking Bureau Director William J. Beatty were fellow Bank Examiners. Many among them received their field training from Mr. Edden.

Mr. Edden in recent years had specialized in the examination of trust departments. His career antedates the general use of the automobile. Travel was by train and the five and a half day week was standard. Examiners worked to noon on Saturday and then returned home by train, often a trip of many hours. They started back to their duty station on Sunday afternoon so to be on the job at whatever bank they were examining by 8:00 A.M. on Monday morning.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: DECEMBER 27, 1976

Harrisburg - The conversion of the \$282-million asset Marine National Bank, Meadville, Crawford County, to a state-chartered institution to be known as Marine Bank was announced today by Pennsylvania Secretary of Banking William E. Whitesell. Marine Bank continues to be a member of the Federal Deposit Insurance Corporation (FDIC) and will be supervised and regulated by the Pennsylvania Department of Banking. The bank currently has deposits of \$255-million and loans of \$164-million with 19 offices throughout Erie and Crawford Counties.

Charles H. Bracken is chairman of the board and chief executive officer while Edward H. Junker, III is president and chief administrative officer. John D. Sipple is executive vice president and secretary.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: DECEMBER 27, 1976

Harrisburg - The elimination or phasing out of interlocking directorates by Pennsylvania-chartered financial institutions was called for by Secretary of Banking William E. Whitesell. In a letter to chief executive officers of state-regulated banks, savings and loans and credit unions, he called attention to the growing concern expressed by various Federal regulatory authorities and supervisory agencies over this practice among Federally-chartered units.

Secretary Whitesell commented that managers of state-regulated institutions should become increasingly sensitive in this area where potential for conflicts of interest exist. The Secretary's letter goes out when preparations for annual meetings and the election of new directors are underway. (A copy of Secretary Whitesell's letter is attached.)

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG, PENNSYLVANIA 17120

WILLIAM E. WHITESELL  
SECRETARY OF BANKING

December 27, 1976

TO: ALL CHIEF EXECUTIVE OFFICERS

Those institutions which have interlocking directorates with other financial institutions should reconsider this practice as annual meeting dates approach. Federal supervisory and regulatory agencies are taking an increasingly negative view of such interlocks, whether at the board or officer level. Managers of State-chartered institutions should also be sensitive to this issue, and annual meeting dates provide an opportunity to eliminate or to begin to phase out this potential for conflict of interest.

Directors who are also directors of competing financial institutions should not necessarily be dropped immediately from your boards. In the small and medium-sized community, the pool of men and women willing and able to assume the responsibilities and risks of being a director may be limited. Institutions located in larger financial centers, however, should clearly begin consideration of reducing interlocks between institutions.

Sincerely,

*William E. Whitesell*

WILLIAM E. WHITESELL

WEW/jmr







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

PB1.17/8  
1-6-77  
C-2

CONTACT: 717-787-2112

FOR RELEASE: JANUARY 6, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell today announced that the ceiling rate would remain unchanged at 9% for the month of February, on residential mortgages under \$50,000. The rate dropped to 9% for January from 9 1/4% in December.

The ceiling rate is set monthly by the Banking Department by adding 2.50% to the yield on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The Board's latest yield rate on long-term Governments was 6.39%, and adding 2.50% gives a total of 8.89% that rounds off to 9%.

In 1976 the ceiling rate ranged between 9 3/4% at its peak, but it never went below 9 1/4% during the entire year. In January and February of 1976 the ceiling was 9 3/4%, dropping to 9 1/2% in March and April, 9 1/4% for May and June, 9 1/2% for July and August, and 9 1/4% for the balance of last year.

##

PENNSYLVANIA STATE LIBRARY  
DOCS

JAN 11





LIBRARY  
COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

JAN 14 1977

117/8:1977/1/1302  
**NEWS RELEASE**

CONTACT: 717-787-2112

FOR RELEASE JANUARY 13, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

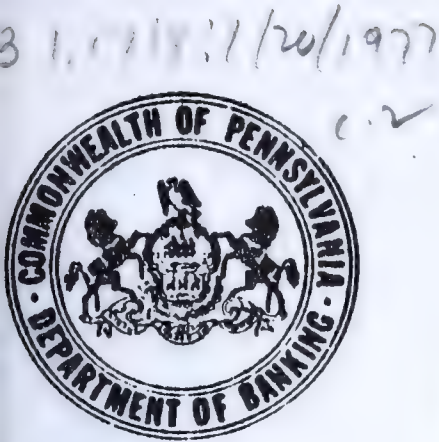
Whitesell yesterday, Wednesday, January 12, issued a Cease and Desist Order against the Universal Money Order Co., with corporate offices at 782 Grand Street, Jersey City, New Jersey. The Cease and Desist Order, effective immediately, pending the convening of a hearing by the Department, forbids any of the Universal Money Order Company agents or sub-agents in Pennsylvania from selling Universal or U. S. N. Co., Inc. Money Orders in the Commonwealth.

This Order was issued promptly by the Secretary upon learning yesterday that money orders issued by this company are being returned by the bank upon which they have been drawn. The Universal Money Order Company or its co-affiliate, U. S. N. Co., Inc. have been licensed to do business in the Commonwealth by the Banking Department since January 1, 1966, when the statute requiring the licensing on Money Transmitters became effective.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE JANUARY 20, 1977

Harrisburg - The Pennsylvania Department of Banking announced that since the Universal Money Order Co. has filed a petition in Bankruptcy in the Bankruptcy Court for the Southern District of New York, holders of money orders issued by that company or U.S.N. Co., Inc., should write the Court for a "Proof of Claim" form.

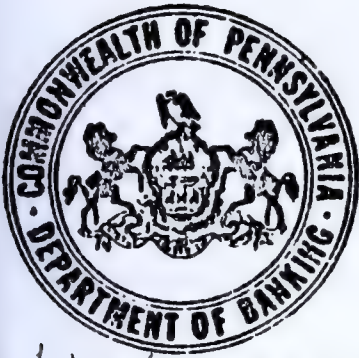
The Court has advised the Department that holders of money orders issued by Universal or U.S.N. Co. should write for these proof of claims forms to:

Claims Department  
Room 230  
United States Court House  
40 Foley Square  
New York, New York 10007

These proof of claims forms should be completed and returned to the above address along with a photocopy of the money order. Do not send the original money order. The filing of these forms will aid the Bankruptcy Court to determine the outstanding liabilities of Universal Money Order Co. and will establish for the applicant his claim on the assets. The Court will keep claimants informed as the proceedings develop. Do not send communications to the Pennsylvania Department of Banking. The matter is now in the hands of the Federal Bankruptcy Court for the Southern District of New York.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

LIBRARY  
OF COMMERCE

CONTACT: 717-787-2112

FOR RELEASE JANUARY 26, 1977

Harrisburg - For those Pennsylvania citizens who have Universal Money Orders or U.S.N. Money Orders which have been returned marked insufficient funds or uncollected funds, "Proof of Claim" forms are available in a number of locations. However, wherever secured the claims with photostatic copies of the money orders must be filed with:

U. S. District Court for the Southern District  
of New York  
Bankruptcy Section  
Claims Department  
Room 230  
U. S. Court House  
40 Foley Square  
New York, New York 10007

In Philadelphia the Proof of Claim forms are obtainable from Honorable Emil F. Goldhaber, Room 3916 or Honorable William King, Room 3918, both at the U. S. Court House, 601 Market Street, Philadelphia, Pa. 19106. The required forms also may be secured by phone request to the Honorable Emil Goldhaber at (215) 925-2528 or Honorable William King (215) 574-9794. Upon phone request the required forms will be furnished by mail.

In Pittsburgh the forms are obtainable from the Bankruptcy Judge, U. S. District Court, Western District of Pennsylvania, Pittsburgh, Pa. In Scranton they are obtainable from Bankruptcy Judge, U. S. District Court, Middle District of Pennsylvania, Scranton, Pa. In Reading requests for Proof of Claim forms are obtainable from Honorable Thomas M. Twardowski, American Bank Building, 35 N. 6th Street, Reading, Pa. 19601. Requests for the forms also may be phoned to the office of Honorable Thomas M. Twardowski at (215) 488-2294.







Also in Philadelphia the claim forms can be obtained and assistance secured in filling them out from the:

Lawyers Reference Service of the  
Philadelphia Bar Assn.  
425 City Hall Annex  
Philadelphia, Pa. 19107  
Telephone (215) 686-5698

In the Pittsburgh area those affected can contact:

Neighborhood Legal Service Assn.  
310 Plaza Building  
535 5th Avenue  
Pittsburgh, Pa. 15219  
Telephone (412) 281-1662

In other areas county or municipal bar associations should be consulted. It must be stressed that wherever the Proof of Claim forms are obtained, the completed forms must be sent to the New York Bankruptcy Court where the bankruptcy proceedings are being conducted. The Proof of Claims must be accompanied by photostatic copies of both sides of money orders. The originals must be kept by the person who bought the money order.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

FEB 8 1977

## NEWS RELEASE

B1.17/8.1977/122 c2

CONTACT: 717-787-2112

FOR RELEASE JANUARY 28, 1977

Harrisburg - The Pennsylvania Department of Banking has authorized banking institutions throughout the state to either reduce their business hours or close, according to the gravity of the energy crisis in their areas.

Under law, both state and national banks are required to secure the Department's permission to cut back on their normal business hours or to close. The Department has the authority to permit banks to take such action as required in emergency situations.

In making this announcement, the Department stressed that every effort was being made to inconvenience the public as little as possible. However, with many business firms either closed or on reduced schedules in many parts of the state, the public is well aware of the crisis situation and realizes the same energy problems also face financial institutions.

The official text of the Department's announcement is as follows:

"In view of emergency conditions existing in the Commonwealth, the Department of Banking hereby authorizes all state and national banks located in Pennsylvania to close, in their discretion, any or all of their offices for all or any part of any business day until receipt of a further announcement by the Department of Banking revoking this authorization."

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE FEBRUARY 3, 1977

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today called for patience, understanding and forbearance on the part of creditors who have had money orders returned to them from the bankrupt firms, Universal Money Order Co. or U.S.N., Inc.

He called for the exercise of compassion and restraint toward debtors in this very difficult situation, as he is well aware that the "dishonored" money orders represent grave financial problems not only to the purchasers but also to the recipients. Many, if not most of the money orders, were sold by merchants in the older areas of major cities to purchasers who used these instruments as a substitute for checks to pay vital bills for rent and public utility services.

A survey of returned money orders indicates quite clearly that both the users and the vendors in many instances are people of limited means least able to bear the double burden of having to pay over again rent or a utility bill while awaiting the results of bankruptcy proceedings in New York. Photocopies of these returned money orders must be filed against Universal Money Order Co. with the New York Bankruptcy Court, together with a Proof of Claim form. These forms are obtainable from:

U. S. District Court of the Southern District  
of New York  
Bankruptcy Section, Claims Department  
Room 230  
U. S. Court House  
40 Foley Square  
New York, New York 10007

Holders of these "bad" money orders must make certain to retain the original money orders.



Secretary Whitesell, in making this request for creditors to stay their hand, at least temporarily, called attention to the energy crisis and the severe weather which has further complicated the problem for many individuals who have been gravely harmed financially by the failure of these money order companies. Unfortunately, a heavy concentration of users are numbered among the elderly, the retired, the disabled, and pensioners. All too frequently these handicapped or semi-handicapped people have used their monthly checks to buy money orders with which to pay their urgent bills. The Secretary hopes that all creditors will realize the plight of these people and be aware that reimbursement through the courts may be a slow process despite the best efforts of the Banking Department and the State Department of Justice.

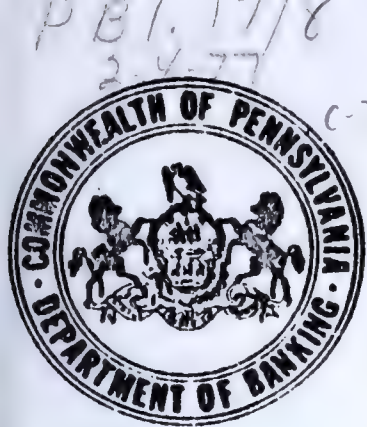
In many instances the small merchants who were vendors of these money orders are in an equally difficult situation. Quite a number of these agents have told the Department that they have kept the fees earned for selling money orders on deposit with the now bankrupt company as long-term savings. To many, these funds represent an important part of their lifetime earnings.

Both those who bought these "bad" money orders and those who received them in payment of bills can be assured that legal representatives of the Banking Department and of other Departments of State Government will attend all meetings called by the bankruptcy court to protect the rights of our citizens and to seek the highest level of reimbursement possible when it becomes clearer what funds are available for a payout.

Universal Money Order Co. was the fourth largest corporation of its kind in the nation with operations in many states. At the beginning of the current licensing year the firm filed the required \$200,000 bond along with an audited statement of its financial condition.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: FEBRUARY 4, 1977

Harrisburg - The ceiling rate on residential mortgages under \$50,000 was increased to 9 1/4% for the month of March, according to an announcement by Pennsylvania Secretary of Banking William E. Whitesell. The ceiling is 9% for February as it had been in January.

The ceiling rate is set each month by the Banking Department by adding 2.50% to the yield rate on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The Board's latest yield rate on long-term Governments was 6.68%, and adding 2.50% gives a total of 9.18% that rounds off to 9 1/4%.

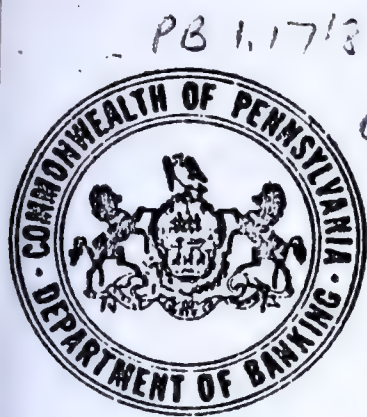
The increase to 9 1/4% for March brings the ceiling rate back to the level which it held from September through December of 1976. In January and February of 1976 it was 9 3/4%, dropping to 9 1/2% for March of a year ago.

##

MAR 2 1977

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE FEBRUARY 8, 1977

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell, in testifying this morning before the Consumer Affairs Committee of the House of Representatives, outlined steps being taken to secure refunds for citizens who have been victimized by the failure of the Universal Money Order Co.

In detailing the Department's actions, he said a cease and desist order was issued on January 12 to prevent further sale of Universal Money Orders in the state. This action was taken the same day the company filed for bankruptcy in Federal court in New York.

Since then the Department, through its legal staff and in cooperation with the State Justice Department, has kept in close touch with the developments in the bankruptcy in New York. To aid consumers the Department has widely publicized the fact that they should file Proof of Claim forms with the U. S. District Court in New York City.

In volume of sales, Universal Money Order was the fourth largest money order company in the United States. This is the first such failure in the history of the Department, and as far as legal precedents can be found it is the first such failure of this scale on record. The disaster involves states from coast to coast, but with the full scope of the financial impact on Pennsylvania still uncertain. The Department, within hours after the failure, began to make a survey to try to determine the extent of the company's commitments in Pennsylvania. This has turned out to be a difficult task, and even at this date only preliminary estimates are available.

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION





In parallel action, the Commonwealth is working with the Aetna Casualty and Surety Co. of Hartford, Connecticut regarding the \$200,000 statutory bond posted with the Department as part of the licensing requirement to do business in the state. The Department likewise is trying to determine what funds are in the "pipeline", that is, on deposit in Pennsylvania banks to the account of Universal Money Order. Disposition of all funds shall be made in cooperation with the U. S. District Court for the Southern District of New York and Universal's court appointed Receiver, Eliot H. Lumbard, following the marshalling of all available assets and resolution of legal issues attendant to this situation.

The Secretary and the staff of the Department have been asked by members of the General Assembly to cooperate with them in preparing legislation which would strengthen the Department's powers to protect our citizens in such cases.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

FEB 10 1977  
LIBRARY  
DEPARTMENT OF COMMERCE

## NEWS RELEASE

FEB 22 1977

3 117/8:1977/2/9 c2  
CONTACT: 717-787-2112

FOR RELEASE FEBRUARY 9, 1977

Harrisburg - In view of the reduction in the severity of the energy crisis in the Commonwealth, the Pennsylvania Department of Banking, effective Monday, February 14, is modifying its directive authorizing financial institutions in the state to reduce their business hours or close so as to apply only to those offices and branches heated by gas.

Under law, both state and national banks are required to secure the Department's permission to cut back on their normal business hours or to close. The Department has the authority to permit financial institutions to take such action as required in emergency situations. Such an emergency still exists for gas heated buildings throughout the state.

The official text of the Department's modified directive follows:

"In view of reduced emergency conditions existing in the Commonwealth, the Department of Banking hereby narrows its previous directive of January 28, 1977, by authorizing all state and national banks located in Pennsylvania that are heated by gas to close, in their discretion, any or all of their offices for all or any part of any business day until receipt of a further directive by the Department of Banking revoking this authorization. This revised authorization becomes effective Monday, February 14, 1977."







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE 6:00 P.M.  
FEBRUARY 10, 1977

Harrisburg - Strong, innovative competition is beneficial to commercial banking. Philadelphia area bankers who operate in competitive markets are representative of the best of those who have responded to the challenge by developing new and better customer services.

Pennsylvania Secretary of Banking William E. Whitesell addressed the subject of competitive banking and its consequences this evening, Thursday, February 10, before the Philadelphia Chapter of Robert Morris Associates. Robert Morris is the nationwide organization of bank credit officers which has its national headquarters in Philadelphia.

He stressed the point that competition is a spur to survival, not a deterrent. The Secretary observed institutions that have long prospered in areas shielded from the normal competition of the market place are endangering their own future by deceiving themselves in the belief they can forever remain out of reach of competitive encroachment.

According to Pennsylvania's Secretary of Banking, permissiveness for statewide banking in the Commonwealth would do much to rationalize the industry in our state. He pointed to the irony of the fact that while various factions of bankers dispute whether or not we should have statewide banking, as do all our neighboring states, we actually have partial interstate banking in the form of offices of nationwide finance companies that have conducted interstate operations for many years. There is also the more subtle form of interstate banking through the credit card route of such major retailers as Sears and J. C. Penney.



Secretary Whitesell added that even as bankers of our state search for answers to statewide branching changes in technology, automated teller units, and point-of-sale installations of various types are raising serious questions in the minds of many bankers as to the need for investing large sums in brick and mortar for the creation of traditional branches.

##





PB 1.17/6  
3.4.77



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MARCH 4, 1977

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today announced that the ceiling rate for residential mortgages of \$50,000 and under for April would increase to 9 3/4% from 9 1/4% for March.

This ceiling rate is computed monthly by the Department under legislative mandate by adding 2.50% to the yield rate on long term government bonds as published by the Federal Reserve System, Washington, D. C. The latest yield rate on long term Governments was 7.15% to which was added 2.50%, for a total of 9.65% that rounds off to 9 3/4%.

The April ceiling on home mortgages of 9 3/4% is the highest since February of 1976. It dipped to 9 1/2% in March of last year, then to 9 1/4% in May of 1976. It went up to 9 1/2% last July, returned to 9 1/4% in September, where it held for the balance of the year. This January and February it dropped further to 9%, and then rose to 9 1/4% for this March.

##

MAF 18 1977

RECEIVED STATE SECRETARY  
DOCKET 3-10-77





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

LIBRARY  
DEPARTMENT OF COMMERCE

NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE MARCH 14, 1977

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today announced that effective March 12 the eight mutual savings banks in the state are permitted to offer noninterest-bearing negotiable orders of withdrawal. In popular phraseology, these are more commonly known as noninterest-bearing NOW accounts or sometimes NINOW accounts.

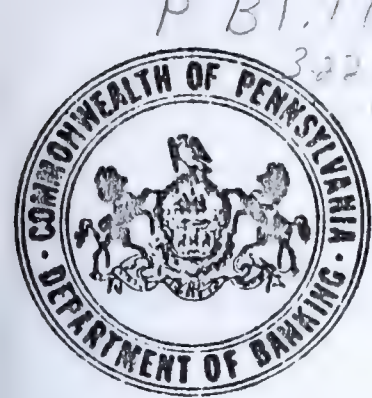
Permission to offer this service was granted with the publication in the Pennsylvania Bulletin of March 12, containing revised Department of Banking regulations governing the use of this type of cash transmittal or transfer instrument.

The Secretary's action follows on the heels of a decision by the Pennsylvania Department of Justice earlier this year that the Secretary of Banking could authorize noninterest-bearing NOW accounts by regulation.

The eight mutual savings banks in Pennsylvania consist of four in Philadelphia, one in West Chester, one in Johnstown, one in Carnegie and one in Pittsburgh. The Philadelphia Saving Fund Society is the largest and oldest mutual savings bank in the nation.







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE

Tuesday,  
March 22, 1977

Harrisburg - Secretary of Banking William E. Whitesell today reported that as of December 31, 1976, total resources of State-chartered banking institutions were up 11.2% to a new all time high of \$29,813,031,000. This represents an increase of \$2,997,809,000 over December 31, 1975 when the total was \$26,815,222,000. The Secretary made these figures public as part of an analytical study made twice each year by the Department.

The principal factors contributing to the growth were a \$2,702,684,000 upswing in deposits in State-chartered banking institutions and a \$221,775,000 rise in capital accounts over the figures reported for December a year ago. The Secretary noted that 21% of the total increase in resources was used to expand loans, while 58% went into investments such as U. S. Treasury securities and municipal bonds.

A more detailed analysis of total resources of all State-chartered commercial banks (the eight State mutual savings banks are not included in the following computed ratios because of their differing financial structure) discloses that loans and discounts at the end of December amounted to 59.4% of total resources. This compares to December 1975 when the ratio was 61.9% and, June 30, 1976 when the ratio was 60.2%. This slight decline in loan and discount totals reflects a continuing policy of greater loan selectivity and no appreciable increase in loan demand.

The percentage of total assets of the State's commercial banks in investment securities was 28.8% as of December 31, 1976, compared to 26.9% as of June 30, 1976 and 25.9% December 31, 1975. To some degree, the slight but continued decline in loan and discount ratios, accompanied by a moderate rise in the ratio of investment securities, is an indicator of caution during this period. It also reflects a strengthening of the banking system in its ability to finance the expected increase in loan demand.

During this period cash and due from banks was 8.3% of total resources, down from 9.2% as of June 30, 1976 and down from 8.9% as of December 31, 1975. The percentage of total assets in "all other resources" remained relatively unchanged at 3.5% for December 31, 1976, 3.6% for June 30, 1976 and 3.3% for December 31, 1975. Likewise, there was little change in the ratio of total capital accounts to total deposits which amounted to 9.7% as of December 31, 1976 versus 9.9% as of June 30, 1976 and 9.6% for December 31, 1975.

MAR 31 1977

PENNSYLVANIA LIBRARY  
DOCUMENTS SECTION





Indicative of no appreciable loan demand and perhaps a continued tightening of credit standards, the loan to deposit ratio this December of 69.7% was down from 71.4% last June and below the 73.5% figure for last December.

The capital accounts of Pennsylvania banks as a percentage of total assets remained relatively stable and were, respectively, 8.2%, 8.4% and 8.1% for December 31, 1976, June 30, 1976 and December 31, 1975. Secretary Whitesell noted that the last published FDIC capital to total asset ratio for all of the nation's commercial banks was 7.3% which indicates that Pennsylvania's State-chartered commercial banks are well above the national average.

Net operating earnings as of December 31, 1976 were \$229,581,000, an increase of \$33,171,000 up 16.9% from \$196,410,000 on December 31, 1975. Net operating earnings on December 31, 1975 reflected a decrease of \$9,648,000 down 4.68% from December 31, 1974. Secretary Whitesell stated that the reversal from a decrease to an increase in earnings indicated the ability of State-chartered banking institutions to withstand adverse economic conditions.

The total number of banking offices in Pennsylvania on December 31, 1976 was 1,307, up from 1,249 a year earlier. The gain of 58 offices was the result of new branch constructions, the mergers of two national banks into state banks and the conversion of two national banks to state charters. The mergers and conversions provided, respectively, 5 banking offices and 24 banking offices. The number of de novo branches opened in this period was 29 which was down from 71 in the previous comparable period. The slower rate of branching may be the result of several factors. In some sectors, branch banking has reached or is close to a saturation point. Increased construction costs have deterred banks from committing substantial amounts of capital for this form of expansion. The slowdown may also reflect a wait-and-see attitude concerning future technological developments associated with electronic funds transfers as well as political developments in the current status of statewide branching legislation in Pennsylvania.

Attention is directed to the appended consolidated statements and compilations of important ratios.





DISTRIBUTION OF ASSETS  
STATE-CHARTERED COMMERCIAL BANKS

	<u>State</u> <u>Average</u>
As a Percentage of Total Assets:	
Cash Assets	8.3%
Investment Securities	28.8%
Loans and Discounts (Including Federal Funds Sold)	59.4%
Real Estate Assets	1.4%
Other Assets	2.1%
	<u>100.0%</u>
Total Capital Accounts as a Percentage of:	
Total Assets	8.2%
Total Assets Less U.S. Government Securities and Cash Assets	10.1%
Total Deposits	9.7%
Percentage of:	
Time and Savings Deposits to Total Deposits	68.4%

EARNINGS RATIOS OF COMMERCIAL BANKS ACCORDING TO ASSET SIZE

	<u>Under</u> <u>\$10,000M</u>	<u>\$10,000M</u> <u>to</u> <u>\$25,000M</u>	<u>\$25,000M</u> <u>to</u> <u>\$100,000M</u>	<u>\$100,000M</u> <u>to</u> <u>\$250,000M</u>	<u>Over</u> <u>\$250,000M</u>
Net Operating Earnings to Average Total Assets	1.19%	1.13%	1.19%	0.78%	0.69%
Net Income After Related Taxes to Average Total Assets	1.06%	0.99%	1.08%	0.77%	0.70%
Net Income After Related Taxes to Average Total Capital Accounts	7.00%	11.33%	12.45%	9.70%	8.70%
Dividends to Average Total Capital Accounts	1.97%	2.58%	3.67%	3.75%	5.04%
Income on Loans to Average Loans	8.21%	8.29%	8.36%	8.35%	8.89%
Interest and Dividends on Securities to Average Securities	7.19%	5.91%	6.01%	6.02%	5.94%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	4.90%	5.35%	5.37%	5.46%	6.01%

EARNINGS RATIOS - ALL STATE COMMERCIAL BANKS

	<u>1975</u>	<u>1976</u>
Net Operating Earnings to Average Total Assets	0.87%	0.85%
Net Income After Related Taxes to Average Total Assets	0.85%	0.83%
Net Income After Related Taxes to Average Total Capital Accounts	10.61%	10.08%
Dividends to Average Total Capital Accounts	4.55%	4.89%
Income on Loans to Average Loans	8.35%	9.37%
Interest and Dividends on Securities to Average Securities	5.78%	5.98%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	5.77%	6.19%



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Savings Institutions, Private Banks and Trust Companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	<u>December 31, 1976</u>	<u>December 31, 1975</u>	<u>Increase+</u> <u>Decrease-</u>	
<u>RESOURCES</u>				
Cash, Due from Banks, etc.	\$ 1,814,054	\$ 1,789,507	\$ 24,547+	
U.S. Government and Agency Obligations	3,711,994	2,943,105	768,889+	
Obligations of State and Political Subdivisions	2,728,719	2,401,125	327,594+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,568,708	2,939,933	628,775+	
Federal Funds Sold	544,800	599,697	54,897-	
Loans and Discounts	16,542,606	15,323,462	1,219,144+	
Bank Premises & Furn. & Fixt.	331,495	305,919	25,576+	
Other Real Estate	53,513	39,382	14,131+	
Other Resources	<u>517,142</u>	<u>473,092</u>	<u>44,050+</u>	
Total Resources	<u>\$29,813,031</u>	<u>\$26,815,222</u>	<u>\$2,997,809+</u>	
<u>LIABILITIES</u>				
Demand Deposits	\$ 5,382,197	\$ 5,208,515	\$ 173,682+	
Time and Savings Deposits	20,724,815	18,195,813	2,529,002+	
Federal Funds Purchased	904,217	476,611	427,606+	
Borrowed Money	102,135	226,365	124,230-	
Other Liabilities	<u>468,288</u>	<u>698,314</u>	<u>230,026-</u>	
Total Liabilities	<u>\$27,581,652</u>	<u>\$24,805,618</u>	<u>\$2,776,034+</u>	
<u>CAPITAL ACCOUNTS</u>				
Capital Securities	\$ 279,079	\$ 249,868	\$ 29,211+	
Capital Stock	283,713	273,717	9,996+	
Net Worth of Private Banks	4,523	3,539	984+	
Surplus	1,155,540	1,061,917	93,623+	
Undivided Profits	468,054	403,154	64,900+	
Reserves	<u>40,470</u>	<u>17,409</u>	<u>23,061+</u>	
Total Capital Accounts	<u>\$ 2,231,379</u>	<u>\$ 2,009,604</u>	<u>\$ 221,775+</u>	
Total Liabilities and Capital Accounts	<u>\$29,813,031</u>	<u>\$26,815,222</u>	<u>\$2,997,809+</u>	
<u>RESOURCES (By Type of Institution)</u>				
Banks	\$ 1,357,822	\$ 1,253,051	\$ 104,771+	
Bank and Trust Companies	18,542,290	17,107,532	1,434,758+	
Savings Banks	9,857,831	8,409,333	1,448,498+	
Private Banks	45,417	36,087	9,330+	
Trust Companies	<u>9,671</u>	<u>9,219</u>	<u>452+</u>	
Total Resources	<u>\$29,813,031</u>	<u>\$26,815,222</u>	<u>\$2,997,809+</u>	
<u>TRUST FUNDS</u>	<u>\$11,955,004</u>	<u>\$10,456,367</u>	<u>\$1,498,637+</u>	
<u>TOTAL DEPOSITS</u>	<u>\$26,107,012</u>	<u>\$23,404,328</u>	<u>\$2,702,684+</u>	
<u>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</u>				
	<u>Institutions</u>	<u>Operating Branch Offices</u>	<u>Institutions</u>	<u>Operating Branch Offices</u>
Banks	58	71	58	67
Bank and Trust Companies	93	889	91	851
Savings Banks	8	179	8	165
Private Banks	5	2	5	2
Trust Companies	<u>2</u>	<u>0</u>	<u>2</u>	<u>0</u>
	166	1,141	164	1,085







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: APRIL 6, 1977

Harrisburg - The ceiling rate on residential mortgages of \$50,000 or less remains at 9 3/4% for May, according to announcement today by Pennsylvania Secretary of Banking William E. Whitesell. The rate went to 9 3/4% in April from 9 1/4% in March.

The ceiling rate on residential mortgages in Pennsylvania is issued by the Banking Department according to legislative mandate that requires the addition of 2.50% to the yield rate on long term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate on long term Governments was 7.20% to which the Department adds 2.50% for a total of 9.70%, which rounds off to 9 3/4%.

Holding at 9 3/4% for May, the ceiling is at the highest level since February of 1976. In January and February of this year the ceiling rate was 9%.

##





COMMONWEALTH OF PENNSYLVANIA APR 22 1977  
DEPARTMENT OF BANKING LIBRARY

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

NEWS RELEASE

B117/8:1977/4/20 c2  
CONTACT: 717-787-2112

FOR RELEASE April 20, 1977

Harrisburg - The Hanover National Bank of Wilkes-Barre, Wilkes-Barre, Luzerne County, Pa., has converted to a state-chartered bank under the title of "Hanover Bank of Pennsylvania", Wilkes-Barre, effective Monday, April 18, it was announced by the Pennsylvania Department of Banking. Founded in 1911 as a national bank, the institution continues as a member of the Federal Deposit Insurance Corporation (FDIC).

Russell E. Gardner is president and chief executive officer of Hanover Bank of Pennsylvania, that as of December 31, 1976, reported assets of \$65,020,236. It has its main office at 639 South Main Street, Wilkes-Barre. Branches are located in Glen Lyon and Kingston. The bank also has an additional Wilkes-Barre office at 406 South Main Street. H. Melvin Vivian, Jr. is chairman of the board, and Donald B. Jennings is executive vice president.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE APRIL 21, 1977 P.M.s

Philadelphia - "Question practices which you perceive to be discriminatory" was the advice given the Philadelphia Chapter of the National Association of Bank Women in an address by Pennsylvania Secretary of Banking, William E. Whitesell, at the Downtown Club.

He observed that "it does honestly happen that sometimes the discrimination has gone unobserved by both those who discriminate and those who are discriminated against." The Secretary added "A little time, a little understanding, and mutual cooperation on both sides is frequently all that is required to resolve the situation satisfactorily."

However, Secretary Whitesell did make the point in strong terms that statistics reveal that Pennsylvania banks seriously lag behind the rest of the nation in a variety of areas of providing equal opportunity in banking regardless of race, creed, color, national origin or sex.

Discussing the statistical basis for his observations, the Secretary remarked that well over half of the male employees of commercial banks are classified as officials, managers and professionals. Statistically speaking, a male has a 700% better chance of being listed in one of these three categories than a woman.

In the discrimination derby, however, white women are twice as likely as black females to be among any of the three managerial levels mentioned. By contrast, black males are twice as likely to be officers



or managers as white females, but white males are four times as likely to be in the upper grades as black males. Among females, white candidates are twice as likely to be classified in the managerial level as their black colleagues in Pennsylvania banks.

Secretary Whitesell told his audience of both males and females that those who feel they have been passed over should act to remedy the situation. They should not automatically assume they have been discriminated against. Rather, women should exercise their right and obligation of asking counseling so that they can learn why they have failed to progress. He added, "Your attitude may have been too passive." The Secretary noted that individual attitudes toward one's self, one's co-workers and superiors and customers may be crucial. He urged his audience to think in more positive terms of one's individual worth and contribution toward the organization of which one is a part.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE MAY 5, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell announced today that the ceiling rate on residential mortgages of \$50,000 or less would remain unchanged at 9 3/4% for June. This is the third consecutive month that the ceiling rate has held at the 9 3/4% level.

In Pennsylvania the ceiling rate on residential mortgages is computed each month by the Pennsylvania Department of Banking under legislative mandate. The computation is based on adding 2.50% to the yield rate on long term Government bonds as published by the Federal Reserve Board, Washington, D. C. The latest yield rate on long term Governments was 7.14% to which the Department added 2.50% for a total of 9.64% that rounds off to the nearest quarter at 9 3/4%, the same as for April and May. The year 1977 started off with the ceiling at 9% for January and February. It went to 9 1/4% in March, before advancing to 9 3/4% for the remaining months. In June of last year the ceiling was 9 1/4%.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning Friday,  
May 27, 1977

Secretary of Banking William E. Whitesell today released the consolidated Report of Condition of State-chartered banking institutions as of March 31, 1977.

Total resources of Pennsylvania's State-chartered banks reached a new all time high of \$30,621,783,000 and reflect an increase of \$3,509,141,000, up 12.9% from March 31, 1976. Increases of \$2,934,828,000 in deposits and \$199,913,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$1,456,319,000 in loans and \$1,640,070,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 59.4%; Securities Investments - 28.2%; Cash and Due from Banks - 8.4%; and All Other Resources - 4.0%. The ratio of total capital accounts to total deposits is 9.9%. The loans to deposit ratio is 71.1%. The total capital accounts to total resources ratio is 8.3%.

During this period the number of branches increased from 1,097 to 1,140 and banking offices now total 1,304.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Savings Institutions, Private Banks and Trust Companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	March 31, 1977	March 31, 1976	Increase+ Decrease-	
<u>RESOURCES</u>				
Cash, Due from Banks, etc.	\$ 1,852,366	\$ 1,636,186	\$ 216,180+	
U.S. Government and Agency Obligations	3,827,824	3,161,517	666,307+	
Obligations of State and Political Subdivisions	2,878,800	2,450,459	428,341+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,547,099	3,001,677	545,422+	
Federal Funds Sold	810,821	739,190	71,631+	
Loans and Discounts	16,685,756	15,229,437	1,456,319+	
Bank Premises & Furn. & Fixt.	334,165	308,996	25,169+	
Other Real Estate	67,899	47,496	20,403+	
Other Resources	617,053	537,684	79,369+	
Total Resources	<u>\$30,621,783</u>	<u>\$27,112,642</u>	<u>\$3,509,141+</u>	
<u>LIABILITIES</u>				
Demand Deposits	\$ 5,048,548	\$ 4,736,269	\$ 312,279+	
Time and Saving Deposits	21,442,081	18,819,532	2,622,549+	
Federal Funds Purchased	1,076,728	754,092	322,636+	
Borrowed Money	114,453	195,197	80,744-	
Other Liabilities	653,895	521,387	132,508+	
Total Liabilities	<u>\$28,335,705</u>	<u>\$25,026,477</u>	<u>\$3,309,228+</u>	
<u>CAPITAL ACCOUNTS</u>				
Capital Securities	\$ 285,181	\$ 260,419	\$ 24,762+	
Capital Stock	286,738	276,246	10,492+	
Net Worth of Private Banks	4,741	2,485	2,256+	
Surplus	1,193,944	1,080,997	112,947+	
Undivided Profits	476,407	434,798	41,609+	
Reserves	39,067	31,220	7,847+	
Total Capital Accounts	<u>\$ 2,286,078</u>	<u>\$ 2,086,165</u>	<u>\$ 199,913+</u>	
Total Liabilities and Capital Accounts	<u>\$30,621,783</u>	<u>\$27,112,642</u>	<u>\$3,509,141+</u>	
<u>RESOURCES (By Type of Institution)</u>				
Banks	\$ 1,382,818	\$ 1,265,928	\$ 116,890+	
Bank and Trust Companies	18,819,135	16,895,642	1,923,493+	
Savings Banks	10,361,815	8,900,123	1,461,692+	
Private Banks	47,839	41,263	6,576+	
Trust Companies	10,176	9,686	490+	
Total Resources	<u>\$30,621,783</u>	<u>\$27,112,642</u>	<u>\$3,509,141+</u>	
<u>TRUST FUNDS</u>				
	\$12,387,430	\$10,842,852	\$1,544,578+	
<u>TOTAL DEPOSITS</u>				
	\$26,490,629	\$23,555,801	\$2,934,828+	
<u>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</u>				
	<u>Institutions</u>	<u>Operating Branch Offices</u>	<u>Institutions</u>	<u>Operating Branch Offices</u>
Banks	57	69	58	70
Bank and Trust Companies	92	891	92	856
Savings Banks	8	178	8	169
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
	<u>164</u>	<u>1,140</u>	<u>165</u>	<u>1,097</u>

JUN 8 1977

LIBRARY  
DOCUMENTS SECTION





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: JUNE 3, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell today announced that the ceiling rate on residential mortgages of \$50,000 or under would remain unchanged at 9 3/4% for July. This is the fourth consecutive month that the ceiling rate has held at the 9 3/4% level.

As mandated by the General Assembly, the ceiling is computed by the Department of Banking by adding 2.5% to the yield rate on long-term Government bonds. This latest yield rate issued by the Federal Reserve Board in Washington was announced at 7.17% to which adding 2.5% gives a total of 9.67% that rounds off to the nearest quarter at 9 3/4%. In July of 1976 the ceiling rate was 9 1/2%.

This year the ceiling rate was 9% in January and February, and then advanced to 9 1/4% in March. Beginning with April the ceiling was held at 9 3/4%.

##

PENNSYLVANIA STATE







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE 11:00 A.M.  
June 6, 1977

Seven Springs, Pa., June 6 - The savings and loan industry must position itself strategically in the market in such a way as not to be excluded from providing the public the new services the public is going to require.

Pennsylvania Secretary of Banking William E. Whitesell made this observation in his address to the 31st Managers Conference of the Pennsylvania Savings League, speaking on the theme "Insuring Long-Term Survival for Savings and Loan Associations and Mutual Savings Banks".

Defining the problems facing the industry, the Secretary said he sees the role of savings associations as continuing to be that of financing dwelling units. Here Secretary Whitesell forecast that dwelling units of the future would encompass many forms of collective habitation other than the single family home which has been the traditional mainstay of the mortgage market. However, whatever form housing takes in the future, he sees the savings and loan industry as an integral part of the changes that are developing.

Secretary Whitesell also urged that the savings associations be prepared to take an active role in the development of electronic funds transfer systems, particularly where corporations and other large employers move towards the wider use of automatic payroll services via the automatic deposit through the automated clearing house facilities of a given area. Calling a large scale movement in this direction "inevitable", the Secretary stated that the savings and loans and mutual savings banks must be prepared to receive such automatic deposit of their customers' paychecks.



Flowing from this trend, Secretary Whitesell sees the expansion of the one-stop shopping concept for financial services needed by the consumer. Other sectors of the financial industry are already taking steps in this direction, as stockbrokers now often offer insurance policies, ranging from those covering health and property to general casualty. Tie-ins are also being created with housing developers, and also with those who think in terms of investment property. Not far over the horizon are the possibilities to offer hotel reservations and travel services in general. Although it is true not all the pieces have been put together, the trend in that direction is unmistakable. Certainly, it is commonplace for insurance companies to now offer mutual fund shares.

Secretary Whitesell added it is certain that a priority for the industry is legislative permissiveness to broaden its horizons so that the industry does not see opportunity pass it by default. The Secretary also observed that preparation for the future not only requires legislative adjustments, but associations likewise must think in terms of more sophisticated managerial skills.

Basic to meeting this kind of challenge, the Secretary of Banking said, is a rather fundamental change in the range of things allowed as suitable investments. In other words, "Savings and loan associations and mutual savings banks must seek and must be granted greater latitude in the kinds of loans which they are empowered to make."

According to Secretary Whitesell, "We must begin to think in terms of loans in other areas, even perhaps consumer installment loans, to at least a limited degree." Variable rate mortgages are also an instrument of change which must be given due consideration.





And "to insure long-term survival," Secretary Whitesell stated "savings and loan institutions and mutual savings banks absolutely must have... some sort of third party payments instrument." While expressing doubt as to the form of the ultimate instrument, he stated, "What is clear is that such a mechanism is an absolute necessity in the long run." The imperative nature of this aspect "is illustrated dramatically by the growing popularity of automatic deposit of payrolls" as well as the automatic deposit of social security and other kinds of benefit and welfare payments.

He warned that institutions that allow themselves to be cut out of the system as now developing "will find that they have lost a good deal of competitive ground." As the Secretary warned, "If Regulation Q is eliminated and if we have automatic payroll deposits and if the financial system evolves in the direction I have been describing, there will be very little incentive for a customer to come to your institution if you do not offer him at least those services which have become, for him, basic necessities." He added, "...this means you must be tied into automated clearing house and EFT arrangements."

Secretary Whitesell said this will make "at least a portion of your deposits more volatile" which makes it essential you be allowed more flexibility in the way you invest funds, meaning "consumer loans and other short-term commitments should be open to you, at least on a longer run basis."

But to reach these goals, the Secretary said the thrift industry must educate legislators that old and formerly sound restrictions must be modified in the "context of the modern economy."

In considering these and other considerations in the framework of long-range goals, savings and loan executives may well discuss "the actual formation of a trust department" as has occurred in other parts of the nation.



Clearly, such an instrument would be a vehicle which savings and loans and mutual savings banks, the Secretary said, could use to put their wealth of information and experience in these areas to the fullest use of their customers.

In summing up, the Secretary said that not all changes are either adaptable or necessary for all institutions. But long-range planning must be realistic in anticipation that survival will be in "an environment without Regulation Q." Even if Regulation Q is not eliminated this year, it will be in the near future, the Secretary predicted, and suggested the support of the termination of Regulation Q be "tied to a package of items which you would like to have."

And in weighing future alternatives, the possibility of some associations transforming into stock companies should also be an item on the agenda. Here again, Secretary Whitesell said, this route would not be for everyone, but it should be a possible choice.

##





8 117 81 7/7/1977



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE JULY 7, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell announced today that the ceiling rate on residential mortgages of \$50,000 or under would decline to 9 1/2% for August, down from 9 3/4% for the past four months.

The Department, under legislative directive, computes the ceiling rate monthly based on adding 2.50% to the yield rate on long-term government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Governments was 6.99%, to which was added 2.50% for a total of 9.49% that rounds off to 9 1/2%.

The 9 1/2% rate for August of this year is identical to the 9 1/2% ceiling for August of 1976. So far this year the ceiling rate started off at 9% for January and February, going to 9 1/4% in March, and then has been 9 3/4% for April through July.

##



1.17/2; 7/27/1977; c. 2



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG, PENNSYLVANIA 17120

WILLIAM E. WHITESELL  
SECRETARY OF BANKING

July 27, 1977

TO: CHIEF EXECUTIVE OFFICERS OF BANKS AND SAVINGS AND LOAN ASSOCIATIONS

In view of the catastrophic nature of the flood disaster in the Johnstown area of Western Pennsylvania I urge that all financial institutions throughout the state, whether they be commercial banks, mutual savings banks, savings and loan associations or consumer discount companies, exercise the greatest forbearance possible towards the victims.

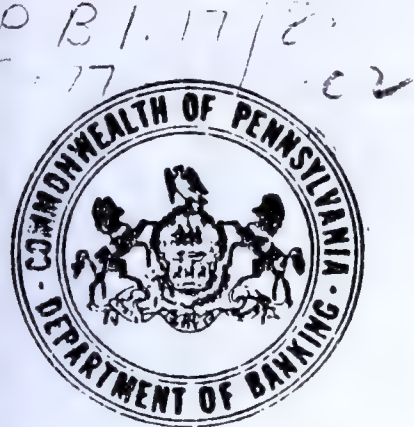
I realize that all parties concerned wish to extend the greatest sympathy and assistance to those stricken physically or materially by the disaster. In that context I recommend that the utmost forbearance be exercised in assessing late charges or penalty payments on loans of all types. As most financial executives are aware, relief in the shape of food and clothing is flowing into the stricken area, and financial relief measures are being initiated.

At the same time, I wish to call your attention to the plight of those called to active duty with the Pennsylvania National Guard and with other disaster relief and rescue agencies. Many of these men and women are away from their homes for what may be a protracted period of time in view of the magnitude of the clean-up task that faces the relief workers. As a result, many individuals will not be able to mail in loan and mortgage payments on time. In many instances pay checks are delayed and communications generally poor or inoperative. Taking these factors into consideration, I sincerely urge all financial executives to exercise the kind of wise forbearance they would wish from others, were their own area stricken by a similar act of God. Your utmost cooperation will be greatly appreciated.

*William E. Whitsell*







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE AUGUST 4, 1977

Harrisburg - The ceiling rate on residential mortgages of \$50,000 or under will remain at 9 1/2% for September, it was announced today by Pennsylvania Secretary of Banking William E. Whitesell. The current 9 1/2% figure for August represented a dip from the 9 3/4% rate of the previous four months.

Under legislative directive the Pennsylvania Department of Banking each month sets the residential mortgage ceiling rate by adding 2.50% to the yield rate on long-term government bonds as computed by the Federal Reserve Board and the U. S. Treasury in Washington, D. C. The latest yield rate on long-term government bonds was reported at 6.97%, down from 6.99%. Adding 2.50% to 6.97% gives a total of 9.47%, which rounds off to the nearest quarter for the 9 1/2% figure. In September of 1976 the ceiling was 9 1/4%.

The rate pattern for 1977 started off with 9% for January and February, 9 1/4% for March, and then 9 3/4% for April through July.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE AUGUST 4, 1977

Harrisburg - The ceiling rate on residential mortgages of \$50,000 or under will remain at 9 1/2% for September, it was announced today by Pennsylvania Secretary of Banking William E. Whitesell. The current 9 1/2% figure for August represented a dip from the 9 3/4% rate of the previous four months.

Under legislative directive the Pennsylvania Department of Banking each month sets the residential mortgage ceiling rate by adding 2.50% to the yield rate on long-term government bonds as computed by the Federal Reserve Board and the U. S. Treasury in Washington, D. C. The latest yield rate on long-term government bonds was reported at 6.97%, down from 6.99%. Adding 2.50% to 6.97% gives a total of 9.47%, which rounds off to the nearest quarter for the 9 1/2% figure. In September of 1976 the ceiling was 9 1/4%.

The rate pattern for 1977 started off with 9% for January and February, 9 1/4% for March, and then 9 3/4% for April through July.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg Pa 17120

Carl K. Dellmuth  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE AUGUST 5, 1977

Harrisburg - Leading commercial banks throughout Pennsylvania are consenting to make short-term 30 to 60 day loans to State employees who face checkless paydays as a result of the ongoing budgetary crisis resulting from the General Assembly's failure to pass the current year's budget.

The banks' action was in response to a plea by Pennsylvania Secretary of Banking William E. Whitesell. He pointed out that many State employees through no fault of their own are faced with serious economic problems. The Banking Secretary said the immediate positive response by the Commonwealth's major financial institutions was in the highest tradition of public cooperation in a time of need. They were alerted to the situation by direct phone calls by members of his staff, and notified that an explanatory letter was in the mail, detailing the operation of the succor effort.

Early in the implementation of the economic rescue, a few financial institutions, through a misunderstanding, were interpreting short-term loans to mean loans for a minimum of six months. Upon learning of the full details of the crisis, the Secretary is sure they will alter their stand to offer 30 to 60 day loan accommodations to State employees needing such aid.

For those State employees who find they need to seek financial assistance to tide them over until normal salary reimbursement is resumed, they are to



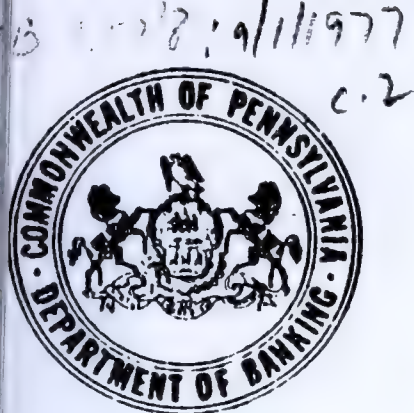
apply to financial institutions with which they do business. The Department has supplied all banks with phone numbers in Harrisburg, Philadelphia and Pittsburgh where they may contact a computer terminal to verify the borrower's employment status.

In a like crisis in 1973, banks throughout Pennsylvania displayed the same public-spirited reaction in aiding State workers. At that time, there was not reported a single case in which a bank encountered any problems with loans made under a similar aid program.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE SEPTEMBER 1, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell announced that all dealers financing sales of motorized pedalcycles, more commonly known as Mopeds, must purchase an Installment Sellers License from the Department.

The Secretary issued this statement because many Moped dealers may be unaware that under the provisions of the Motor Vehicle Code, Mopeds come under the classification of motor vehicles. Therefore, dealers financing this type of transportation must be licensed by the Banking Department. Moped dealers include many outlets that do not perceive themselves as dealers in motor vehicles and may be selling and financing such Mopeds without this required license. Dealers in Mopeds, in addition to regular bicycle shops, include department stores, hardware stores and appliance stores, as well as conventional motorcycle dealers.

Both the Banking Department and the Department of Transportation have made it clear that under no circumstances can the sale of Mopeds be financed under the Goods and Services Installment Sales Act.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning Thursday,  
September 8, 1977

Harrisburg - Secretary of Banking William E. Whitesell today reported that as of June 30, 1977, total resources of State-chartered banking institutions were up 12.6%, to a new all time high of \$31,454,009,000. This represents an increase of \$3,511,728,000 over June 30, 1976, when the total was \$27,942,281,000. The Secretary made these figures public as part of an analytical study made twice each year by the Department.

The principal factors contributing to the growth were a \$2,954,111,000 upswing in deposits in State-chartered banking institutions and a \$219,684,000 rise in capital accounts over the figures reported for June a year ago. The conversions of two national banks to State-chartered institutions increased the total deposits by 11.02% and total capital accounts by 11.71%. The Secretary noted that 29% of the total increase in resources was used to expand loans (does not include amount of mortgages made by savings banks), while 47% went into investments such as U. S. Treasury securities and municipal bonds.

A more detailed analysis of total resources of all State-chartered commercial banks (the eight State mutual savings banks are not included in the following computed ratio because of their differing financial structure) discloses that loans and discounts at the end of June amounted to 59.3% of total assets as compared to June 1976 when the ratio was 60.2%. Again the conversions of the two national banks was 10.12% of the increase in total resources. This slight decline in loan and discount totals reflects a continuing policy of greater loan selectivity and no appreciable increase in loan demand.

The percentage of total assets of the State's commercial banks in investment securities was 28.7% as of June 30, 1977, compared to 28.8% as of December 31, 1976, and to 26.9% in June 1976. To some degree, the slight but continued decline in loan and discount ratios, accompanied by no appreciable change in the ratio of investment securities, is an indicator of caution during this period. It also reflects a strengthening of the banking system in its ability to finance any increase in loan demand.

During this period cash and due from banks was 8.4% of total resources, up from 8.3% as of December 31, 1976, and down from 9.2% in June 1976. The percentage of total resources in "all other resources" remained relatively unchanged at 3.6% for this June, 3.5% for last December, and 3.6% for June 1976. Likewise, there was little change in the ratio of total capital accounts to total deposits which amounted to 9.9% as of June 30, 1977, versus 9.7% for December 1976, and 9.9% for June a year ago.

Indicative of no appreciable change in loan demand, the loan to deposit ratio this June was 70.8%, up from 69.7% last December and below the 71.4% figure for June last year.

The capital accounts of Pennsylvania banks as a percentage of total assets remained relatively stable and were, respectively, 8.2%, 8.2% and 8.4% for June 30, 1977, December 31, 1976, and June 30, 1976. Secretary Whitesell noted that the last published FDIC equity capital to total asset ratio for all of the nation's commercial banks was 7.2% which indicates that Pennsylvania's State-chartered commercial banks are well above the national average.

Net operating earnings for all State-chartered banking institutions as of June 30, 1977, were \$142,677,000, an increase of \$25,656,000, up 21.9% from \$117,021,000 on June 30, 1976.

The total number of banking offices in Pennsylvania at mid-year 1977 was 1,310, up from 1,271 a year earlier. The gain of 39 offices was the result of new branch constructions and the acquisition of 21 branches through the two conversions as the number of branches rose from 1,106 to 1,145. In the comparable period of June 1975 through June 1976 the number of bank branches increased by a total of 47. The slower rate of branching may be the result of several factors. In some sectors, branch banking has reached or is close to a saturation point. Increased construction costs have deterred banks from committing substantial amounts of capital for this form of expansion. The slowdown may also reflect a wait-and-see attitude concerning future technological developments associated with electronic funds transfers as well as political developments in the current status of statewide branching legislation in Pennsylvania.

Attention is directed to the appended consolidated statement.

##



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a comparative statement of condition of Pennsylvania state banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

RESOURCES	June 30, 1977	June 30, 1976	Increase+ Decrease-	
Cash, Due from Banks, etc.	\$ 1,890,308	\$ 1,832,525	\$ 57,783+	
U.S. Government and Agency Obligations	3,963,044	3,408,662	554,382+	
Obligations of State and Political Subdivisions	2,933,937	2,510,206	423,731+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,744,567	3,059,265	685,302+	
Federal Funds Sold	666,217	720,844	54,627-	
Loans and Discounts	17,269,375	15,510,161	1,759,214+	
Bank Premises & Furn. & Fixt.	345,690	311,650	34,040+	
Other Real Estate	72,566	47,983	24,583+	
Other Resources	568,305	540,985	27,320+	
Total Resources	<u>\$31,454,009</u>	<u>\$27,942,281</u>	<u>\$3,511,728+</u>	
LIABILITIES				
Demand Deposits	\$ 5,247,578	\$ 4,965,532	282,046+	
Time and Savings Deposits	21,956,504	19,284,439	2,672,065+	
Federal Funds Purchased	1,166,713	831,237	335,476+	
Borrowed Money	112,531	194,012	81,481-	
Other Liabilities	615,677	531,739	83,938+	
Total Liabilities	<u>\$29,099,003</u>	<u>\$25,806,959</u>	<u>\$3,292,044+</u>	
CAPITAL ACCOUNTS				
Capital Securities	\$ 302,314	\$ 268,670	\$ 33,644+	
Capital Stock	287,816	276,869	10,947+	
Net Worth of Private Banks	5,031	3,939	1,092+	
Surplus	1,219,112	1,106,176	112,936+	
Undivided Profits	500,615	443,523	57,092+	
Reserves	40,118	36,145	3,973+	
Total Capital Accounts	<u>\$ 2,355,006</u>	<u>\$ 2,135,322</u>	<u>\$ 219,684+</u>	
Total Liabilities and Capital Accounts	<u>\$31,454,009</u>	<u>\$27,942,281</u>	<u>\$3,511,728+</u>	
RESOURCES (By Type of Institution)				
Banks	\$ 1,365,063	\$ 1,309,986	\$ 55,077+	
Bank and Trust Companies	19,356,083	17,382,876	1,973,207+	
Savings Banks	10,665,873	9,200,453	1,465,420+	
Private Banks	56,828	39,360	17,468+	
Trust Companies	10,162	9,606	556+	
Total Resources	<u>\$31,454,009</u>	<u>\$27,942,281</u>	<u>\$3,511,728+</u>	
TRUST FUNDS	\$12,809,578	\$11,144,310	\$1,665,268+	
TOTAL DEPOSITS	\$27,204,082	\$24,249,971	\$2,954,111+	
NUMBER OF INSTITUTIONS AND BRANCH OFFICES				
	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	56	66	58	68
Bank and Trust Companies	94	898	92	864
Savings Banks	8	179	8	172
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
	<u>165</u>	<u>1,145</u>	<u>165</u>	<u>1,106</u>

1977

COMMONWEALTH STATE DEPARTMENT  
HARRISBURG





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE SEPTEMBER 9, 1977

Harrisburg - The ceiling rate on residential mortgages of \$50,000 or less in Pennsylvania remains unchanged at 9 1/2% for October, it was announced today by Secretary of Banking William E. Whitesell. This makes the third month that the ceiling has held at the 9 1/2% level.

The Secretary of Banking under legislative mandate has the Department staff compute the mortgage ceiling rate each month by adding 2.50% to the yield rate on long-term government bonds as published by the Board of Governors of the Federal Reserve System, Washington, D. C. The latest yield rate on long-term governments was reported at 6.98%. Adding 2.50% to that figure gives a total of 9.48% which rounds off to 9 1/2%. This compares with 9 1/4%, which was the ceiling in October of 1976.

This year the ceiling rate has fluctuated between 9% for the months of January and February, rising to 9 1/4% for March, and then climbing to 9 3/4% for April through July. Since August it has held at 9 1/2%.

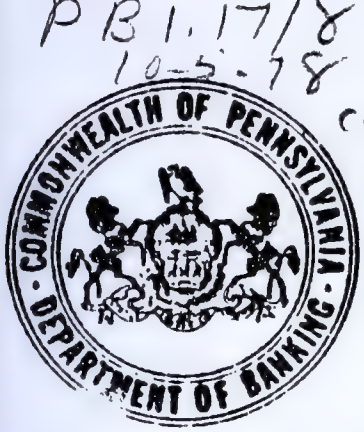
##

SEP 14 1977

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: October 5, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell announced today that the ceiling rate on residential mortgages of \$50,000 or less will continue at 9 1/2% for the month of November. This will be the fourth consecutive month for the ceiling rate to hold at the 9 1/2% figure.

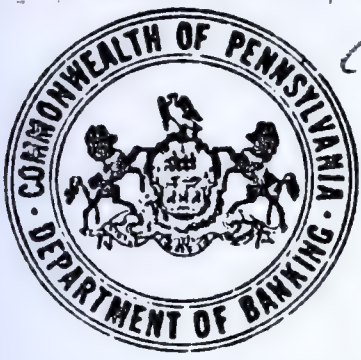
The Department of Banking, at the direction of the General Assembly, each month computes the ceiling rate for residential mortgages by adding 2.50% to the yield rate on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Government securities was reported at 6.94%. Adding 2.50% to this figure gives a total of 9.44% that rounds off to the nearest quarter at 9 1/2%.

November a year ago the ceiling rate was 9 1/4%. This year the rate pattern started off with 9% for the months of January and February, 9 1/4% for March, then 9 3/4% for April through July. It has now held at 9 1/2% since August.

##

RECEIVED  
OCT 10 1977  
PENNSYLVANIA





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: OCTOBER 21, 1977 PM

Lancaster - The creation of regional banks has provided a more favorable climate for business development and expansion in Central Pennsylvania. This was the message Secretary of Banking William E. Whitesell delivered to today's meeting of the Lancaster Chapter of the National Association of Accountants.

Saying that some of the most conservative banks and some of the most progressive banks in the Commonwealth exist in the Central Pennsylvania area, the Secretary attributed the competitive climate for credit business here to the growth of regional banks.

The Secretary explained that "these regional banks are sufficiently large in their geographic areas of operation to be able to shed most of the parochialism which characterized earlier banking operations. In part, these regional institutions have been formed by mergers; and in part, they have been formed by a kind of reaching out by commercial banks through the establishment of completely new offices."

However, Dr. Whitesell commented that this "reaching out" by branching, either through new offices or via mergers, has been limited by the state's restrictive banking laws which only allow bank branching into counties contiguous to the county in which a bank has its headquarters. According to the Secretary this limitation "has effectively isolated particular markets...from outside competition." A parallel phenomenon has often been a stagnation of the local economy. He added that the public is

STATE LIBRARY OF PENNSYLVANIA  
DOCUMENTS SECTION

- more -





The Secretary concluded, "The business of banking involves some risk taking, but balancing prudent risks and the requirements of unquestioned safety and soundness has always been the dilemma for commercial bankers. The continued economic viability of Central Pennsylvania and the Commonwealth will reflect in no small measure how well bankers perform their key role in assuring a healthy, innovative climate for business development."

##





NOV 10 1977

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

PB1.17/8:1977/11/5 c.2  
CONTACT: 717-787-2112

FOR RELEASE NOVEMBER 7, 1977

Harrisburg - For the fifth month in succession the December ceiling rate on residential mortgages of \$50,000 and under in Pennsylvania held at 9 1/2%, it was announced today by Secretary of Banking William E. Whitesell.

The Banking Department computes the ceiling rate under legislative mandate by adding 2.50% to the yield rate on long-term Government securities as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Government bonds was 7.08%. Adding 2.50% gives a total of 9.58% that rounds off to the nearest quarter at 9 1/2%. The ceiling rate has held at 9 1/2% since August. In December of 1976 the ceiling rate was 9 1/4%.

With the announcement of the ceiling level for December, we now have figures for the entire 12-months of 1977. In January and February the rate was 9%. It went to 9 1/4% in March, and then was 9 3/4% for April through July. As noted it has been at 9 1/2% for the balance of the year.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: OCTOBER 25, 1977

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell announced the appointment of Glenn E. Henderson as chief review examiner in the Banking Bureau of the Banking Department. He replaces William S. Goho, who retired recently. Kenneth B. Ellis was named to the post of assistant review examiner in the Bureau to succeed Mr. Henderson.

A native of Shamokin, Pa., Mr. Henderson is a graduate of the Shamokin High School. He entered banking with The Guarantee Trust and Safe Deposit Company of Shamokin. Mr. Henderson, while with the bank, completed extensive training with the American Institute of Banking. He also had broad experience in the bank's Loan Department. Mr. Henderson joined the Banking Department in October of 1971, and while with the Department has attended bank examiner schools conducted by the Federal Reserve System and the Federal Deposit Insurance Corporation. He was a bank examiner until his appointment about six months ago as assistant review examiner. He and his wife Laurie and their son, Joseph, are residents of the Harrisburg area.

Mr. Ellis is a native of Philadelphia. He is a graduate of Northeast High School, Philadelphia, and received his bachelor's degree in the social sciences from Temple University. Mr. Ellis served with the Department in 1968-69. He then accepted employment with Industrial Valley Bank, Philadelphia, in the Audit Department and later as a tax administrator in the Trust Department. Mr. Ellis rejoined the Department in 1973, and served as a bank examiner before his assignment to the headquarters staff. Mr. Ellis and his wife Naava and their daughters, Dina and Audrey, are in the process of moving to Harrisburg from Philadelphia.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE OCTOBER 25, 1977

Harrisburg - The appointment of Kenneth B. Ellis as assistant review examiner in the Banking Bureau of the Pennsylvania Department of Banking was announced today by Secretary of Banking William E. Whitesell. Mr. Ellis in his new post replaces Glenn E. Henderson, who was promoted to chief review examiner.

Mr. Ellis is a native of Philadelphia. He is a graduate of Northeast High School, Philadelphia, and received his bachelor's degree in the social sciences from Temple University. Mr. Ellis served with the Department in 1968-69. He then accepted employment with Industrial Valley Bank, Philadelphia, in the Audit Department and later as a tax administrator in the Trust Department. Mr. Ellis rejoined the Department in 1973, and served as a bank examiner before his assignment to the headquarters staff. Mr. Ellis and his wife Naava and their daughters Dina and Audrey are in the process of moving to Harrisburg from Philadelphia.

##







NOV 10 1977  
LIBRARY

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: NOVEMBER 14, 1977 PM

Philadelphia - Saying that banks are coming under increased pressure from unregulated industries, Pennsylvania Secretary of Banking William E. Whitesell suggested that the solution is not to extend regulation to the unregulated but to free regulated industries such as banking from irrational constraints.

Speaking to the Bank Automation Association of the Delaware Valley, the Secretary said that the roots of modern bank regulation date to the 1930s when the purpose was safety and soundness. Now, however, he said much regulation has absolutely nothing to do with either objective; and a good deal of regulation which has been passed under the name of consumer protection neither protects the consumer nor the institution.

Among the constraints he would like to see removed in Pennsylvania the Secretary cited archaic branching laws. The very terms under which Pennsylvania law defines a branch are obsolete in the new technological environment created by electronic funds transfer systems.

It is clear that mechanical equipment which dispenses and receives cash is a branch. The statutory definition of what constitutes a branch is restrictively drawn. It may well be that a computer terminal in a store operated by either a depositor or by a clerk is also a branch. Branches would require the full approval of the Department or the Comptroller of the Currency and this is a lengthy and cumbersome procedure for providing devices which are designed to provide customer convenience and immediately available service. The Secretary says he believes he has little discretion in determining what a branch is, but added that this is not to say he agrees philosophically that such service units should be called branches.

- more -



Saying that legislation is clearly needed in this area, Dr. Whitesell said he has asked for the cooperation of the Pennsylvania Bankers Association in this matter.

Delving into the EFTS situation, the Secretary said consumer concerns include a desire to be allowed to make withdrawals from any financial institution where they have a deposit and to make payment to any institution where they owe money. Obviously, the short road to this objective is a debit card or a debit/credit card, but the Secretary asked -- does that mean one universal card or a multitude of cards, a single EFT system or competing systems?

In answer to that question, Secretary Whitesell said what is required is not a limitation on either the number of types of cards or the types of systems, but an ability to interchange information such as is the common practice in telecommunications.

The consumer, Secretary Whitesell said, will also at some point want the ability to make cash withdrawals at various locations including retail outlets such as the local supermarket as well as free-standing automated teller machines. In addition he said there should be a tie-in to a telephonic transfer capability.

Speaking to an audience of electronic banking experts, the Secretary reminded the group that the real problems are not in the technical field. A major stumbling block is a reluctance by financial institutions to accept the idea that all financial institutions are equally worthy to participate in whatever arrangements are most advantageous to the consumer. This means that savings and loan associations, credit unions, consumer finance companies and mutual savings banks must all be able to participate in EFT systems.

Another factor outside the realm of technical expertise is the question of costs and who will bear them. Secretary Whitesell noted that while new





EFT systems may be costly, the alternative of trying to continue traditional practices is becoming increasingly expensive. The advent of new possibilities is forcing some institutions to attempt for the first time to determine true costs. Such studies should reduce the incidence of irrational pricing of financial services, according to the Secretary. He concluded by noting that payment of interest on demand deposits might be the keystone for restoring sanity to the pricing of banking services.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE NOVEMBER 15, 1977 PM

Philadelphia - The continued ban on statewide banking in Pennsylvania will likely leave consumers with fewer and fewer banking alternatives. This was the message of the Commonwealth's Secretary of Banking William E. Whitesell in a speech to the Philadelphia Chapter of the Bank Administration Institute.

The Banking Secretary argued that the end result would be the complete opposite of what the opponents of statewide banking envision. He pointed out that local mergers in local markets, the only mergers now available, are already limiting the market choices in many areas of the state. Thus competition is not preserved but diminished, and the public may be subjected to monopoly power.

While statewide banking might reduce the number of individual banks, Secretary Whitesell stated it would quite likely increase the competitive choices open to the consumer by enabling out-of-area banks to enter new markets. He commented that to the consumer the number of competitive choices in his market area is the crucial point and not the nose count of institutions scattered over the state.

Secretary Whitesell sees Pennsylvania easily able to support 15 to 20 statewide banking systems as well as many local and regional banks. The Secretary added all this would benefit consumers through the introduction of out-of-area banks as mergers take place between local institutions and those from outside the local market area.





According to Secretary Whitesell, such a pattern of increased competition would result in lower rates on loans and higher rates on money deposited in many markets. There would be no more markets where 3 1/2% is the prevailing rate on savings.

Other beneficiaries of a more rational approach to bank expansion would be bank stockholders and bank employees. With the entire state providing potential buyers, those holding bank stock would be in a much more advantageous position. Currently there are many instances where county line restrictions artificially but effectively limit the number of potential buyers to the small number within a narrow geographic area.

Opportunities for advancement for bank employees would naturally be enhanced with the creation of institutions of a size that can afford to develop specialities among its officer cadre. The brain-drain to metropolitan financial centers would be minimized as local people of talent would find that opportunity had truly arrived in their own backyard.

Dr. Whitesell said the die-hard opposition to statewide commercial banking in some quarters is difficult to justify when other forms of statewide financial activity exists. He cited as an example the statewide and nationwide activities of finance company chains. The Secretary likewise noted that major metropolitan banks have commercial lending officers who regularly tour every corner of this state and other states seeking new business and renewing old ties. Major trust companies in Pennsylvania, he added, have long sought their clients throughout the Commonwealth wherever they could find them.

There are also money market funds, stock brokerage houses where one can borrow against his margin account and a host of similar competitive choices. By adamantly refusing to let their own industry enter the competition on a full, fair basis, some bankers are handicapping the future of banking while striving



to preserve local monopolies or tight oligopolies.

Adding to the pressure for statewide banking, the Secretary said, is the advent of electronic funds transfer systems. In this regard he called for a removal of the ambiguity in Pennsylvania law surrounding the operation of point-of-sale terminals and automatic teller machines. Whether or not they are true branches and whether or not they should be considered branches are questions that need to be answered clearly for the benefit of the industry and the customer.

Discussing electronics and banking, Secretary Whitesell commented that within five years the debit card or a debit/credit card will become dominant as both customers and merchants assess the costs involved in the present single purpose credit card arrangements. This factor alone will generate appreciable public support for statewide banking as compared with the present geographic restrictions that ignore the growth of economic market areas. At about the same time, Pennsylvania bankers are likely to discover that electronic devices are cheaper than brick and mortar branches.

Under the pressure of competition bankers are studying costs and finding that the pricing of credit card services need a reassessment. He predicted a growing trend to study costs of services and to price services at levels which recognize these costs.

Secretary Whitesell suggested that rational pricing will occur simultaneously with an increased level of competition. Many who have enjoyed protected markets in the past, he said, will now have to restudy their operation to assure themselves adequate profit margins.

All of this together, the Secretary believes, will result in an increased pace of bank mergers and certainly the further development and





strengthening of regional banking. It will result in hard, more demanding work for the bankers who remain in banking, but it will be balanced by greater rewards for those who know their field and keep up with the latest developments.

##





NOV 22 1977  
FEB 02 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

61.17/8/1977/11/21/92  
CONTACT: 717-787-2112

IMMEDIATE RELEASE

FOR RELEASE NOVEMBER 21, 1977

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell was sustained by the Commonwealth Court on Friday, November 18, in his action of earlier this year in which he authorized by Banking Department Regulation the state's mutual savings banks to provide customers with Negotiable Orders of Withdrawal, commonly called NOW accounts. In Pennsylvania NOW accounts are noninterest-bearing and are also referred to as NINOW accounts.

The Department's regulation was effective last March for the state's eight mutual savings banks. So far only three have taken advantage of the privilege. They are The Philadelphia Saving Fund Society, Germantown Savings Bank, Philadelphia, and Johnstown Savings Bank.

The Department's regulation authorizing such accounts followed an Opinion by the Pennsylvania Department of Justice that the Secretary of Banking can authorize NOW accounts by the promulgation of an enabling regulation when published in the Pennsylvania Bulletin.

This authority was challenged last April by the Pennsylvania Bankers Association acting on behalf of the state's commercial banks. However, the Commonwealth Court in a preliminary hearing before Judge Genevieve Blatt turned down the PBA's request for a stay of the effective date of the regulation to immediately halt the use of NOW accounts by the state's mutual savings banks.





The case was argued on October 4 before the Commonwealth Court. The Court's decision of last Friday upheld the Department's authority to issue such a regulation. The plaintiffs as represented by the PBA have the option now of accepting the decision of the Commonwealth Court or taking an appeal to the State Supreme Court.

The mutual savings banks in Pennsylvania consist of four in Philadelphia, one in West Chester, one in Johnstown, one in Carnegie and one in Pittsburgh. The Philadelphia Saving Fund Society is the largest and oldest mutual savings bank in the nation. Others in Philadelphia are Germantown Savings Bank, Western Saving Fund Society, and Beneficial Mutual Savings Bank. In Pittsburgh it is the Dollar Savings Bank; in West Chester, the Dime Savings Bank of Chester County; in Johnstown it is the Johnstown Savings Bank; and in Carnegie it is the Lincoln Mutual Savings Bank.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Thursday,  
December 1, 1977

Secretary of Banking William E. Whitesell today released the consolidated Report of Condition of State-chartered banking institutions as of September 30, 1977.

Total resources of Pennsylvania's State-chartered banks were \$32,382,157,000, the highest ever, on September 30, 1977, and reflect an increase of \$3,958,427,000 (13.9%) compared to September 30, 1976.

Increases of \$3,348,381,000 in deposits and \$269,640,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$2,026,847,000 in loans and \$1,698,163,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 60.2%; Securities Investments - 28.9%; Cash and Due From Banks - 7.5%; and All Other Resources - 3.4%. The ratio of total capital accounts to deposits is 10.0%. The loan to deposit ratio is 71.9%. Total capital accounts to total resources is 8.4%.

During this period the number of branches increased from 1,115 to 1,145 and total banking offices from 1,280 to 1,310.

DEC 14 1977

LIBRARY





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for trust departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

RESOURCES	September 30, 1977	September 30, 1976	Increase+ Decrease-	
Cash, Due from Banks, etc.	\$ 1,721,234	\$ 1,654,398	\$ 66,836+	
U.S. Government and Agency Obligations	4,165,693	3,479,571	686,122+	
Obligations of State and Political Subdivisions	3,090,499	2,623,140	467,359+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,805,493	3,260,811	544,682+	
Federal Funds Sold	770,629	662,230	108,399+	
Loans and Discounts	17,847,985	15,821,138	2,026,847+	
Bank Premises & Furn. & Fixt.	345,442	316,809	28,633+	
Other Real Estate	75,517	45,025	30,492+	
Other Resources	559,665	560,608	943-	
Total Resources	<u>\$32,382,157</u>	<u>\$28,423,730</u>	<u>\$3,958,427+</u>	
LIABILITIES				
Demand Deposits	\$ 5,383,175	\$ 4,872,246	\$ 510,929+	
Time and Savings Deposits	22,603,382	19,765,930	2,837,452+	
Federal Funds Purchased	1,217,446	922,347	295,099+	
Borrowed Money	92,405	132,675	40,270-	
Other Liabilities	637,356	551,779	85,577+	
Total Liabilities	<u>\$29,933,764</u>	<u>\$26,244,977</u>	<u>\$3,688,787+</u>	
CAPITAL ACCOUNTS				
Capital Securities	\$ 331,479	\$ 275,221	\$ 56,258+	
Capital Stock	305,864	277,584	28,280+	
Net Worth of Private Banks	5,642	4,158	1,484+	
Surplus	1,242,967	1,122,703	120,264+	
Undivided Profits	523,074	461,096	61,978+	
Reserves	39,367	37,991	1,376+	
Total Capital Accounts	<u>\$ 2,448,393</u>	<u>\$ 2,178,753</u>	<u>\$ 269,640+</u>	
Total Liabilities and Capital Accounts	<u>\$32,382,157</u>	<u>\$28,423,730</u>	<u>\$3,958,427+</u>	
RESOURCES (By Type of Institution)				
Banks	\$ 1,410,075	\$ 1,342,220	\$ 67,855+	
Bank and Trust Companies	19,851,373	17,552,561	2,298,812+	
Savings Banks	11,048,082	9,476,697	1,571,385+	
Private Banks	62,131	42,398	19,733+	
Trust Companies	10,496	9,854	642+	
Total Resources	<u>\$32,382,157</u>	<u>\$28,423,730</u>	<u>\$3,958,427+</u>	
TRUST FUNDS	<u>\$13,218,838</u>	<u>\$10,693,574</u>	<u>\$2,525,264+</u>	
TOTAL DEPOSITS	<u>\$27,986,557</u>	<u>\$24,638,176</u>	<u>\$3,348,381+</u>	
NUMBER OF INSTITUTIONS AND BRANCH OFFICES	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	56	66	58	68
Bank and Trust Companies	94	897	92	871
Savings Banks	8	180	8	174
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
	<u>165</u>	<u>1,145</u>	<u>165</u>	<u>1,115</u>





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

*Jan. 1978*  
FOR RELEASE Immediately

Harrisburg - The Pennsylvania ceiling rate on residential mortgages of \$50,000 or less increased to 9 3/4% for the month of January, 1978, it was announced today by Secretary of Banking William E. Whitesell. The ceiling rate has been at 9 1/2% for August through December. In January of 1977, the mortgage ceiling rate was 9%.

The Department of Banking by law compiles the ceiling rate each month by adding 2.50% to the yield rate on long-term Government bonds as received from the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Government bonds was reported by the Board at 7.14%. Adding 2.50% gives a total of 9.64% which, when rounded off to the nearest quarter, amounts to 9 3/4%.

The ceiling rate pattern for 1977 was 9% for the months of January and February; 9 1/4% for March; 9 3/4% for April through July; and 9 1/2% for the balance of the year.

##

3461-1177

1978 JAN 17 10 17 AM







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG, PENNSYLVANIA 17120

WILLIAM E. WHITESELL  
SECRETARY OF BANKING

January 23, 1978

TO: ALL CHIEF EXECUTIVE OFFICERS OF BANKS  
AND SAVINGS AND LOAN ASSOCIATIONS  
IN PENNSYLVANIA

All State and National banks and all State and Federal savings and loans are hereby notified that on Friday, January 20, 1978, I issued the following emergency directive under the authority granted to the Secretary of Banking:

"Any financial institution unable to open due to weather conditions is authorized to close any or all offices on Friday, January 20, 1978 and Saturday, January 21, 1978."

Sincerely,

*William E. Whitesell*

WEW/jmr



01-11/8  
2

JAN 3 0 1978



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE JANUARY 5, 1978

Harrisburg - Secretary of Banking William E. Whitesell today announced that the ceiling rate on residential mortgages in Pennsylvania of \$50,000 or less remains unchanged for the month of February at 9 3/4%.

The ceiling rate on residential mortgages is computed by the Department according to law by adding 2.50% to the yield rate on long-term Government bonds as furnished by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Government bonds is 7.23% to which is added 2.50% for a total of 9.73%, which rounds off to the nearest quarter of 9 3/4%.

The February ceiling of 9 3/4% follows a similar 9 3/4% figure for January. In January and February of 1977 the ceiling rate was 9%.

##







## COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE IMMEDIATE RELEASE

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell questioned today a recent poll by the Independent Bankers Association of Pennsylvania. He charged that the survey was excessively narrow in focus and tended to mislead the public.

The survey dealt with the possible impact of Negotiable Order of Withdrawal (NOW) accounts, a kind of interest-bearing checking account. The poll was limited to 358 smaller commercial banks in Pennsylvania with assets of \$100-million or less. About 50% or 172 responded. The Secretary commented that this tabulation excluded institutions holding the bulk of the savings deposits of the state's population. Therefore, even though 92% of the 172 respondents in the survey took a stand against NOW accounts it was not a representative sampling of the savings industry. A decision by any one of the 10 largest banks in the state to offer NOW accounts would affect more savers than the collective decisions of all the respondents to the IBPA survey.

Dr. Whitesell stated that more importantly the study ignored the viewpoint of the public. He said bankers and banking are dedicated to the idea they should provide the public with services to meet public demand. A poll on such an important subject as NOW accounts that ignores public attitudes is of questionable value, the Secretary added.

Our nearness to New England apparently has had no impact upon many of the respondents to the survey. Secretary Whitesell said they have failed to comprehend the fruitful lesson of New England's experience with NOW accounts.

- more -



As of August 1977 NOW account totals in New England depository institutions had reached the astounding total of over \$2.6-billion, and numbered 1.6-billion accounts. The Secretary said this means that the accounts are popular with the public. The average account balance is over \$1,600.

A tabulation by the Federal Reserve Bank of Boston shows that of the 659 institutions surveyed 266 or 40.3% offer completely free checking along with NOW accounts. The survey by the Independent Bankers of Pennsylvania suggested that the advent of NOW accounts would result in the elimination of free checking accounts and many other gratis banking services. The Secretary pointed out that operation of NOW accounts in New England disproves this notion.

Of the remaining institutions, 24 or 3.6% charge 10-cents per item, and 35 or 5.3% charge 15-cents per check. The rest (334 institutions or 50.6%) offer a range of sophisticated package plans which include free safe deposit boxes, free credit cards, preferential loan rates and other beneficial services for NOW account customers.

The Secretary commented that the record shows that competition is alive and well in New England. There is no reason to think that the result would not be the same in Pennsylvania if local depositors were offered similar choices. The New England survey included commercial banks, mutual savings banks, savings and loans and cooperative banks, all of which are allowed to offer NOW accounts.

Secretary Whitesell pointed out that genuine NOW accounts are forbidden by law in Pennsylvania as in other states outside of New England. What Pennsylvania presently has is noninterest-bearing NOW accounts for the state's eight mutual savings banks. Sometimes called NINOW accounts, they are offered by four mutual savings banks in the Commonwealth. Permission to provide these accounts was granted by the Secretary through the promulgation of permissive regulations.





His right to take this action was immediately challenged in a suit entered by the Pennsylvania Bankers Association on behalf of commercial banks. The courts have thus far upheld the right of the Secretary to grant permission for NINOWs, but the issue is on appeal to the Supreme Court of Pennsylvania.

Prior to 1933 banks and other depository institutions throughout the nation commonly paid interest on checking account or demand deposit balances. Studies by a variety of Federal authorities including the Federal Reserve Board, individual Federal Reserve Banks, the Federal Deposit Insurance Corporation and numerous independent academic economists have unanimously deflated the theory that interest on demand deposits was ever even a minor factor in influencing the safety and soundness of our banking institutions.

Dr. Whitesell states that from personal contact with bank regulators in New England he has been assured most strongly that the operation of NOW accounts has had absolutely no impact upon the sound operation of depository institutions under their supervision.

Pennsylvania's Secretary of Banking backs competitive equality. He would welcome NOW accounts in Pennsylvania and believes that all institutions offering NOW accounts should be permitted to pay a full 5 1/4% interest on them. At present a 5 1/4% rate would be unavailable to commercial banks. They are limited by law to a 5% ceiling on ordinary passbook savings accounts. Secretary Whitesell thinks it would be unfair and discriminatory to prevent them from offering competitive rates on NOW accounts. He has called for this type of parity in testimony before a Congressional subcommittee which has been weighing the possibility of making NOW accounts available nationwide.





FEB 02 1978  
COMMONWEALTH OF PENNSYLVANIA JAN 31 1978  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

NEWS RELEASE

817/9:1978/13012  
CONTACT: 717-787-2112

FOR RELEASE JANUARY 30, 1978

Harrisburg - It has come to the attention of the Secretary of Banking, William E. Whitesell, that several financial institutions in Pennsylvania are contemplating closing on Monday, February 13, 1978, in observance of Lincoln's Birthday which falls on Sunday, February 12, 1978.

Secretary Whitesell has notified all bankers that under the provisions of Section 113 of the Banking Code of 1965, as amended, an institution may at its option observe Lincoln's Birthday (February 12) as a holiday. There is no provision under the Banking Code for an alternate day, either Friday or Monday, for the observance of Lincoln's Birthday when the birthday falls on Sunday. Therefore, no bank may be closed on February 13, 1978 for Lincoln's Birthday.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: FEBRUARY 8, 1978

Harrisburg - The ceiling rate on residential mortgages of \$50,000 or less in Pennsylvania was increased to 10% for the month of March, 1978, it was announced by Secretary of Banking William E. Whitesell.

This increase from the February rate of 9 3/4% does not reflect prevailing market rates for mortgages in the state. A spot survey of leading mortgage lenders indicates that based on a 20% down-payment mortgage loan rates in the Commonwealth average from 8 1/2% to 9 1/4%.

On a nationwide basis mortgage experts claim that mortgage rates in Pennsylvania and in Florida are averaging a half of a percentage point under other states.

Mortgage officers of leading lending institutions do not expect market rates on mortgages to escalate in March, even though the 10% ceiling is the highest announced by the Department since rate calculations began in 1974.

Each month the Department by law determines the ceiling rate by adding 2.50% to the yield rate on long-term government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term government bonds was reported by the Board at 7.50%. Adding 2.50% gives a total of 10% for this March compared to 9 1/4% for March of 1977.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG, PENNSYLVANIA 17120

WILLIAM E. WHITESELL  
SECRETARY OF BANKING

February 8, 1978

TO: ALL CHIEF EXECUTIVE OFFICERS OF BANKS  
AND SAVINGS AND LOAN ASSOCIATIONS  
IN PENNSYLVANIA

All State and National banks and all State and Federal savings and loans are hereby notified that on Monday, February 6, 1978, I issued the following emergency directive under the authority granted to the Secretary of Banking:

"Any financial institution unable to open due to weather conditions is authorized to close any or all offices on Monday, February 6, 1978, and Tuesday, February 7, 1978."

Sincerely,

*William E. Whitesell*

WEW:pkf







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE FEBRUARY 22, 1978

Harrisburg - Small denomination bearer bonds now being issued by two banks in the state have the potential to be an engine for tax evasion, says Pennsylvania Secretary of Banking William E. Whitesell.

Advertisements by both institutions stress "your privacy" as a selling point. The Secretary commented that it is obvious that in both instances the phrase "your privacy" and "completely private" are code words acknowledging the fact that the owner of the bearer bonds cannot be traced, and the only compulsion is conscience to force the owner to pay taxes on the interest at redemption.

It is the Secretary's hope that no other Pennsylvania banks will join in this ploy to attract deposits by offering bearer bonds. However, he is well aware that if a sufficient number of institutions take part in such a scheme other institutions may be forced to join in to prevent being harmed by the resulting disintermediation. From the Philadelphia area, where the two banks issuing bearer bonds are located, it is already reported that some thrift institutions have noted an outflow of funds. This illustrates the potency of the danger since bearer bonds were first offered on Thursday and Friday, February 9 and 10.

Defenders have called the \$25 and \$100 bearer bonds "man in the street securities". They argue that the bonds only offer the "little guy" the same investment privileges that have long been available to major investors. The reference here is to individuals who purchase Treasury bills in denominations of \$1,000 to \$10,000, also bearer securities.

- more -



Discussing the possibilities for tax evasion through the use of small denomination bearer bonds, the Secretary commented that tax evasion or the deliberate failure to pay taxes due is much different from tax avoidance. Tax avoidance is the perfectly legal step taken by individuals to avoid paying taxes they need not pay. Purchase of tax-exempt municipal securities is one method often cited as a legal means of tax avoidance.

Secretary Whitesell stated that small denomination bearer bonds are particularly mischievous in that they tempt the owners to evade Federal taxes, state taxes, and inheritance taxes as well. The pleas that large investors do the same thing is extremely difficult to support. As a class, large investors seldom if ever deal in large sums of cash. They purchase their Treasury bearer securities by check, leaving a paper trail for tax auditors. The Internal Revenue Service is also much more likely to audit the returns on a regular basis of high income investors. The chances of the small purchaser of \$25 bearer bonds having his tax returns audited are minimal. According to the IRS it audits about 14% of those with taxable income of \$50,000 or more, compared with slightly over 2% for all taxpayers and fewer than 1% of taxpayers with incomes of \$10,000 or less. Even if audited, since many purchases will be made in cash, there is no trail of paper entries which the auditor can trace back to the transaction.

Secretary Whitesell commented that the argument that these small denomination securities would be beneficial to the small investor is misleading. As bearer bonds, they are very much like cash. The low income purchasers who will be attracted to these securities are exactly those individuals who have the poorest means of safekeeping for such instruments. It is doubtful if many even have safe





deposit boxes. They may well keep extra cash in the sugar bowl or under the mattress. The expectation that at least some individuals, who change residence frequently, will be able to keep bearer bonds safely intact for the 12 years to their final maturity is a slender hope, the Secretary stated.

Although the Internal Revenue Service feels that the majority of those who purchase these bearer bonds will report taxable interest, it is the hope of the Secretary that the IRS will seriously consider requiring that interest paid by the banks be reported on a regular, systematic basis. He thinks that at the very least the IRS should require that the Social Security number and the interest paid to individuals cashing bearer bonds be recorded by the bank upon redemption. While the Secretary joins with the IRS in its faith in the basic honesty of the American public, he believes that the IRS on behalf of all taxpayers generally should take ordinary precautions.

It will obviously take a long time for the IRS to change its stance. Therefore, the Secretary suggests that banks offering bearer bonds, who claim to have the small investor's welfare at heart, begin as a matter of their own internal policy to record Social Security numbers and interest paid upon redemption. Banks are repositories of great public trust. They should be extremely careful to guard a public image of impeccable behavior, above all suspicion of complicity in any scheme which is either illegal or of questionable ethics.

##



PB 117/8; 1978/2/24 c.1

MAR 1 1978

MAR 1

978



## COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: FEBRUARY 24, 78

Washington, D. C., Feb. 24. -- Pennsylvania Secretary of Banking William E. Whitesell testified today before the Consumer Affairs Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs.

Dr. Whitesell, from his background as a bank regulator and a banking economist, testified at the hearing on the consumer recommendations of the National Electronic Funds Transfer Commission. He also addressed himself to what is referred to as "the revised Riegle Bill", as well as S. 2470, described as a Bill to set policies and procedures for EFT systems.

In his opening remarks the Secretary observed that "Electronic devices for funds transfer combine with computer technology to provide new opportunities for both services and abuses." He noted that the short title for the proposed legislation is the "Electronic Fund Transfer Consumer Protection Act."

Commenting on the revised Riegle Bill and Section 3 of S. 2470 which define terms of the Acts, Dr. Whitesell stated it is essential that terms be defined to include such nondepository institutions as brokerage houses and mutual funds, both of which are seeking to offer new services to the public.

Citing as an example of electronic-inspired change, Dr. Whitesell pointed to spread of pay-by-phone programs in his own state of Pennsylvania.

- more -





He cautioned that consumers using this new service should not be denied rights or excused from accepting responsibilities that would be defined by a model EFT act. As Secretary of Banking for Pennsylvania, he said the Department has been made aware of even more sophisticated and complex systems in development. This makes it more than ever imperative that regulation not unnecessarily give advantage to certain classes of institutions. In that context Dr. Whitesell stated the revised Riegle bill appears to be formulated to ensure equal treatment and broad coverage of EFT transactions.

At the same time the Secretary noted that it is difficult to imagine any legislation given the present stage of EFT development that can adequately anticipate all evolutionary ideas likely to appear in the field. Thus, Dr. Whitesell added regulations will likely be needed to permit adaptation of any bill to the changing conditions of the market place in view of the certain anticipation that technology will provide new and unforeseen options.

To deal with this situation he said either the Federal Reserve or some other agency should monitor changes and propose needed regulations to maintain balanced compliance with the basic objectives of the proposed Act.

Discussing disclosure of customers' rights and obligations as well as terms and conditions of transfer in the two measures being considered, the Secretary made the point that an indispensable element in establishing free, competitive markets is always maximum information for the customer. Given adequate information customers can shop for the goods and services that meet their wants. While finding that the revised Riegle Bill and S. 2470 are a good deal similar, he noted however that S. 2470 may seriously underestimate the dangers to personal privacy inherent in combining EFT with computer technology for information storage and retrieval.



The Bills also differ on the question of the appropriate time for notice when greater customer costs or restrictions are contemplated. A notification period of 30-days would seem to be adequate. In other matters in this area, Dr. Whitesell found the revised Riegle Bill would promote market efficiency by requiring the disclosure of a greater amount of information.

On the matter of documentation the revised Riegle Bill, the Secretary said, appears to be adequate to protect the interests of both the users and institutions.

As for preauthorized transfers the Secretary finds S. 2470 silent on the main issues, while the revised Riegle Bill provides a somewhat cumbersome procedure that may create unnecessary paper work. Dr. Whitesell suggested a simplification that would "provide a reasonable advance notice to any consumer who requests it." This approach, Dr. Whitesell said, would place the responsibility on the consumer and would prevent the needless expense of unwanted and unrequested data.

Acknowledging that reversal of transfers is a difficult issue, the Secretary stated that ideally procedures should be flexible enough to permit customers to use EFT as an alternative to paper checks. At the same time, safeguards should be provided to those who accept EFT payments to overcome some of the risks associated with accepting paper checks. Dr. Whitesell said the limitation of as low as \$50 would likely limit severely the acceptability for many EFT uses. In that light, Dr. Whitesell suggested instead a \$100 limit for reversals as better serving the interests of market efficiency.

Praising the revised Riegle Bill for its provisions for dealing with errors, the Secretary said the measure consistently follows the general





nature of practices among most financial institutions regulated by the Pennsylvania Department of Banking. He said the vast majority of complaints are handled expeditiously and fairly by Pennsylvania institutions. He added, "I believe most managers of most institutions regulated by my Department would agree that no undue burden would be placed on them...." However, S. 2470 the Secretary feels, is vague in this area which has created customer-related problems in the past.

However, Dr. Whitesell did suggest that the revised Riegle Bill could be altered in several places to cut expenses in resolving errors. Instead of mandating reproduction of all documentation it could read that data would be provided on request. In other words, he said, every effort should be made to prevent making the use of EFT systems unduly cumbersome. The revised Riegle Bill could also be clarified in the handling of failures to deliver promised services.

In the matter of unauthorized uses and customer liability the Secretary said both Bills have appealing features but also have some features that customers might find burdensome by weighting responsibility for assuming risks too heavily upon individuals and too lightly on debit instrument customers.

- more -



Dr. Whitesell noted that most customers simply cannot be expected to remember their personal identification numbers. Not only that but most customers carry their identification number with them. Therefore, he said it would appear unreasonable to find customers guilty of negligence if they keep their identification number in close proximity to the debit instrument, as proposed in S. 2470.

Again, the Secretary suggest<sup>ed</sup> that the minimum liability for the customer should be increased to \$100 to create proper incentives for customers to safeguard their card and identification number.

Both bills, he said, attempt to fix the liability of financial institutions and liability for system malfunction. The revised Riegle bill is somewhat more flexible and in part parallels the Uniform Commercial Code as it relates to checks.

The revised Riegle bill obviously draws on the experience of the problems in the early days of bank credit cards when unsolicited mass mailings were a marketing tool. In the matter of system malfunction, the choice seems strongly in favor of the revised Riegle bill as it closely parallels a section of the Uniform Commercial Code in comparable matters involving checks combined with the National EFT Commission recommendations.

Dr. Whitesell continued to find that the revised Riegle bill seems to offer a better foundation for EFT systems to evolve naturally without distortions resulting from various types of compulsions. The Riegle measure also recognizes the inherent dangers in the potential invasion of privacy contained in EFT systems.

-more-





February 24, 1978

Turning to civil and criminal liabilities, the two bills are parallel although the revised Riegle bill describes potential dangers in greater detail and provides added incentives for compliance to insure EFT participants take their responsibilities seriously.

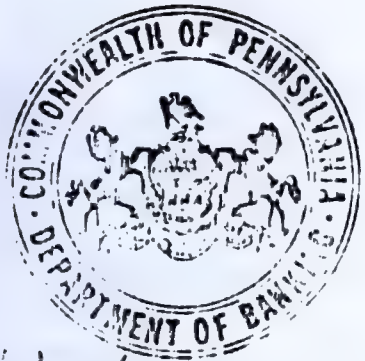
Very importantly, the Secretary stated the revised Riegel bill recognizes that some states may wish to regulate EFT systems in a manner which may differ from Congress and recognizes the excellent job done by some states in this area. At the same time, the Congressional bill would set minimum standards for EFT development.

Dr. Whitesell stated, "Federal legislation here is needed and absolutely does not discourage appropriate legislation at the state level. The opposite is true since the revised Riegle bill notes that states may and do have proper concerns in this area."

In conclusion, the Secretary backed strongly the early effective date of certain provisions as provided by the revised Riegle bill saying, "It is difficult to see why EFT customers should be required to wait one year for some of the basic protections provided...."

##





# COMMONWEALTH OF PENNSYLVANIA MAR 1 1978 DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE FEBRUARY 28, 1978

5/17/8; 1978/2/28 C12

Harrisburg - Pennsylvania Secretary of Banking William E. Whitesell today announced that the Department of Banking, after careful consideration, had concluded that small denomination bearer time certificates of deposit may not be issued by State-chartered banks for sale to the public.

The ruling by the Department of Banking was issued under Section 103 of the Banking Code of 1965 and Section 202 of the Department of Banking Code. These sections undergird the entire regulatory framework for supervision of banking institutions.

The ruling reflected apprehension in the Banking Department that issuing the certificates was inconsistent with the maintenance of trust in commercial banks by depositors and the protection of the interests of creditors and shareholders.

The ban only applies to small denomination bearer time certificates which are offered for sale to the public on which interest is not reported directly by the offering bank to the Internal Revenue Service. The so-called bearer bonds are unregistered and freely transferable. Interest must be reported voluntarily by the bearer upon redemption of the time certificate and collection of interest.

Reporting interest on retail bearer time certificates of deposit should not be confused with reporting interest on securities issued by state and local governments. Interest on state and local bonds is not taxable for federal income tax purposes. Interest paid on bearer time certificates issued by banks is fully taxable and should be reported to the IRS by certificate holders even though the offering bank is not required to file a reporting form 1099 with the IRS.

Only the small denomination bearer certificates where interest is not routinely reported by the banks are prohibited by the ruling and not regular one-year certificates of deposit on which banks report interest to the IRS and, likewise, not large denomination bearer time certificates of deposit purchased as money market instruments.

##



7 B1.17/8

APR 05 1978



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE MARCH 9, 1978

Harrisburg - The ceiling rate on residential mortgages of \$50,000 or under in Pennsylvania remains at 10% for April, it was announced today by Secretary of Banking William E. Whitesell.

The Department of Banking by law each month sets the mortgage ceiling by adding 2.50% to the yield rate on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C. The latest yield rate was 7.60%, adding 2.50% equals 10.10% that rounds off to 10%.

The ceiling rate rose to 10% from 9 3/4% for March to the highest level since the Department was directed in 1974 by the General Assembly to establish a monthly ceiling. However, a spot survey indicated that a month ago mortgage rates generally were below the ceiling in the 8 1/2% to 9 1/4% range. In April of 1977 the ceiling rate was 9 3/4%, and in April of 1976 it was 9 1/2%.

##

PENNSYLVANIA STATE LIBRARY  
POC 111





MAR 13 1978

## COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

9B117/8:1978/2 201

CONTACT: 717-787-2112

FOR RELEASE MARCH 9, 1978

Washington, D. C. - Pennsylvania Secretary of Banking William E. Whitesell today testified on the dangers of banks issuing small denomination, bearer time certificates of deposit or "bearer bonds." He appeared before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the House Government Operations Committee.

Dr. Whitesell outlined the brief history of issuance and subsequent banning of bearer bonds for State-chartered institutions in Pennsylvania. First marketed by two commercial banks on February 9 and 10, they were subsequently banned as a violation of the State's banking laws on February 24.

He explained that bearer time certificates of deposit are not new to the nation's financial markets. They are commonly issued in large denominations by leading banks. They are used by commercial banks in the management of the cash position of corporate clients to keep corporate cash balances at a bare minimum while allowing a maximum return for corporate funds. Interest on these instruments is not reported to the Internal Revenue Service on Form 1099.

The Secretary explained that this ban applies only to small denomination, bearer time certificates of deposit which are offered for sale to the public and on which interest is not reported directly by the offering bank to the Internal Revenue Service. He said that the ban purposely does not specify a lower limit in terms of what constitutes "small denomination, bearer time certificates of deposit." A check with money managers at selected institutions disclosed that there was no ambiguity for them in this wording. It was agreed that a specific dollar limit might pose other difficulties for banks in dealing with corporate customers in the field of cash management.

-more-





Secretary Whitesell said that in issuing this ban, the Department was aware of the difficulties it might create for Pennsylvania institutions because of bearer bonds being offered by New Jersey banks, one of which has a Philadelphia office that predates the McFadden Act.

The Secretary said the unique feature of the bearer time certificates of deposit being issued by a rapidly growing number of financial institutions is not the kind of instrument being offered, but is the market the banks seek to tap by offering small denominations of \$25 and \$100 and multiples thereof. To this new market, the offering banks have stressed the theme "your privacy" and "completely private". An institution outside of Pennsylvania goes so far as to compare small denomination, bearer time certificates to a Swiss bank account.

In making this approach, the banks are advancing the claim that they are offering "the little guy" or the "man in the street" what has been long available to corporate clients. Their sales presentation likewise stresses the public convenience of bearer bonds for the small investor. The banks say these bearer bonds can be passed along like cash without the difficulties associated with regular certificates of deposit commonly available to the public. Regular certificates of deposit cashed prior to maturity are subject to a severe interest penalty. The contention here is that since bearer bonds are like cash, they could change hands on a similar basis, although it is not explained who the buyers would be.

The Pennsylvania Department of Banking rejected the comparison of the purchaser of small denomination bearer bonds in multiples of \$25 and \$100 to larger money market investors who deal in bearer instruments with denominations of \$1,000 to \$10,000 and even \$100,000. The argument, of course, is that

-more-



Form 1099 is not filed on interest paid to these investors. Why shouldn't the small investor enjoy the same privilege?

The answer is that large investors seldom if ever deal in large amounts of cash. They make their purchases by check, leaving a paper trail for tax auditors. Corporations have books of account which are subject to frequent IRS audit. The Internal Revenue Service is much more likely to audit the higher income investor. Of those with taxable income of \$50,000 or more, 14% are audited each year compared with 2% for all taxpayers and less than 1% for taxpayers with income of \$10,000 or less. The small investor, even if audited, would not necessarily have any record to show his purchase or redemption of bearer bonds which could be a completely untraceable cash transaction.

Secretary Whitesell stated the Department also found that arguments that small denomination certificates of deposit would be beneficial to the small investor are misleading. Low income individuals are most often those with the poorest means of safekeeping such instruments. Few have safe deposit boxes. Many keep extra cash in the sugar bowl or under the mattress. The expectation that at least some individuals who change residences frequently will be able to keep bearer bonds safely intact for 12 years to final maturity is a slender hope.

Most taxpayers report income honestly even in the absence of document matching by the IRS; but it would be unrealistic to believe that there are not numerous individuals who would evade taxes if they thought they could avoid the consequences.

Another problem with small denomination, bearer time certificates of deposit is the possibility of counterfeiting. The counterfeiter would probably use them as collateral for a loan. It might then be years before the fraud is uncovered in view of the automatic renewal feature for 12 years. The possible variations of this type of fraud are numerous.

-more-



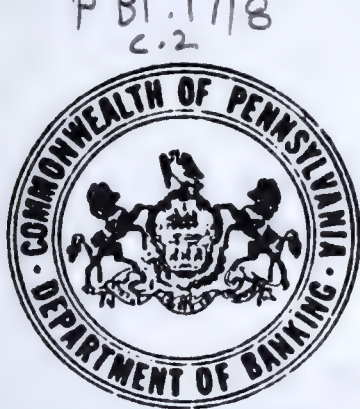


The Secretary added that these bearer bonds are well-suited to serve as a means of payment among individuals who might want to escape the scrutiny of law enforcement officers. They are ideally suited to the laundering of money or the rapid conversion of substantial amounts of cash without leaving a paper trail.

Bearer bonds in small denominations could also pose a problem for the Federal Deposit Insurance Corporation. The FDIC insures accounts up to \$40,000 per account. If a bank were to close, there would be no way to determine how many multiples of \$40,000 owned by a single individual the FDIC might be required to redeem if the purchaser used different individuals to present the bearer bonds for redemption.

Secretary Whitesell believes that the entire matter could be solved if either Congress or those charged with formulating regulations would require that all institutions redeeming bearer bonds report the interest paid along with the taxpayer I.D. number or Social Security number. This would remove the temptation of tax evasion. Failure to act may well result in long-term damage to public confidence in institutions which should be above reproach in terms of ethical standards and practices.





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Beginning, Thursday,  
March 16, 1978

Harrisburg - Secretary of Banking William E. Whitesell today reported that as of December 31, 1977, total resources of State-chartered banking institutions were up 11.7% to a new all time high of \$33,288,886,000. This represents an increase of \$3,475,855,000 over December 31, 1976, when the total was \$29,813,031,000. The Secretary made these figures public as part of an analytical study made twice each year by the Department.

The principal factors contributing to the growth were a \$3,033,968,000 upswing in deposits in State-chartered banking institutions and a \$244,636,000 rise in capital accounts over the figures reported for December a year ago. The Secretary noted that 49.1% of the total increase in resources was used to expand loans, while 39.3% went into investments such as U. S. Treasury securities and municipal bonds. The increase in resources reflected on the December 31, 1976, comparative statement shows that 21% of the total increase was used to expand loans and 58% of the total increase was allocated to investments in U. S. Treasury and municipal securities.

A more detailed analysis of total resources of all State-chartered commercial banks (the State mutual savings banks are not included in the following computed ratios because of their differing financial structure) discloses that loans and discounts at the end of December amounted to 58.5% of total resources. This compares to December 1976 when the ratio was 59.4% and June 30, 1977, when the ratio was 59.3%. This slight decline in loan and discount ratios reflects a continuing policy of greater loan selectivity and no appreciable increase in loan demand.

The percentage of total assets of the State's commercial banks in investment securities was 29.1% as of December 31, 1977, compared to 28.7% as of June 30, 1977, and 28.8% December 31, 1976. To some degree, the slight but continued decline in loan and discount ratios, accompanied by a moderate rise in the ratio of investment securities, is an indicator of caution during this period. It also reflects a strengthening of the banking system in its ability to finance future increases in loan demand.

During this period cash and due from banks was 8.8% of total resources, up from 8.4% as of June 30, 1977, and up from 8.3% as of December 31, 1976. The percentage of total assets in "all other resources" remained relatively unchanged at 3.6% for December 31, 1977, 3.6% for June 30, 1977, and 3.5% for December 31, 1976. Likewise, there was little change in the ratio of total capital accounts to total deposits which amounted to 9.7% as of December 31, 1977, versus 9.9% as of June 30, 1977, and 9.7% for December 31, 1976.



Indicative of no appreciable increased loan demand and perhaps continued selective credit standards, the loan to deposit ratio this December of 68.8% was down from 70.8% last June and below the 69.7% figure for last December.

The capital accounts of Pennsylvania State-chartered banks as a percentage of total assets remained stable and were, respectively, 8.2%, 8.2% and 8.2% for December 31, 1977, June 30, 1977, and December 31, 1976. Secretary Whitesell noted that the September 30, 1977, capital to total asset ratio for all of the nation's commercial banks was 7.8% which indicates that Pennsylvania's State-chartered commercial banks are above the national average.

Net operating earnings as of December 31, 1977, were \$277,718,000, an increase of \$48,137,000, up 21% from \$229,581,000 on December 31, 1976. Net operating earnings on December 31, 1976, reflected an increase of \$33,171,000, up 16.9% from December 31, 1975. Secretary Whitesell stated that the continued increase in earnings indicated the banks have recovered from the decrease in earnings reflected in December 1975 and that the ability of State-chartered banking institutions to withstand adverse economic conditions has been strengthened.

The total number of banking offices in Pennsylvania on December 31, 1977, was 1,320, up from 1,307 a year earlier. The net gain of 13 offices was the result of new branch construction, a merger of one national bank into a State-chartered bank, one state bank merged into a national bank, a conversion of a national bank to a state charter, and discontinued branch offices. The mergers and conversions provided a net of 2 bank offices and the discontinued branch offices number 11. The number of de novo branches opened in this period was 22 which was down from 29 in the previous comparable period. The reduced rate of branch banking results from many factors. The large banks discontinued branches that did not meet growth and profit expectations. Increased construction costs deter banks from committing substantial amounts of capital in marginal areas. Automated teller station branches are now permissible and future increases in branching may be of this type.

Attention is directed to the appended consolidated statements and compilations of important ratios.



DISTRIBUTION OF ASSETS  
STATE-CHARTERED COMMERCIAL BANKS

State  
Average

As a Percentage of Total Assets:

Cash Assets	8.8%
Investment Securities	29.1%
Loans and Discounts (Including Federal Funds Sold)	58.5%
Real Estate Assets	1.3%
Other Assets	2.3%
	<u>100.0%</u>

Total Capital Accounts as a Percentage of:

Total Assets	8.2%
Total Assets Less U.S. Government Securities and Cash Assets	10.2%
Total Deposits	9.7%

Percentage of:

Time and Savings Deposits to Total Deposits	68.2%
Loans to Deposit Ratio	68.8%

EARNINGS RATIOS OF COMMERCIAL BANKS ACCORDING TO ASSET SIZE

	<u>Under \$10,000M</u>	<u>\$10,000M to \$25,000M</u>	<u>\$25,000M to \$100,000M</u>	<u>\$100,000M to \$250,000M</u>	<u>Over \$250,000M</u>
Net Operating Earnings to Average Total Assets	1.40%	1.12%	1.21%	0.84%	0.76%
Net Income After Related Taxes to Average Total Assets	1.18%	0.92%	1.08%	0.85%	0.74%
Net Income After Related Taxes to Average Total Capital Accounts	7.24%	10.14%	12.43%	10.66%	9.12%
Dividends to Average Total Capital Accounts	1.89%	2.33%	3.69%	3.71%	4.81%
Income on Loans to Average Loans	8.91%	8.43%	8.46%	8.63%	9.54%
Interest and Dividends on Securities to Average Securities	7.16%	6.14%	5.86%	5.75%	5.80%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	5.01%	5.30%	5.31%	5.39%	6.29%

EARNINGS RATIOS - ALL STATE COMMERCIAL BANKS

	<u>1976</u>	<u>1977</u>
Net Operating Earnings to Average Total Assets	0.85%	0.89%
Net Income After Related Taxes to Average Total Assets	0.83%	0.85%
Net Income After Related Taxes to Average Total Capital Accounts	10.08%	10.27%
Dividends to Average Total Capital Accounts	4.89%	4.58%
Interest and Dividends on Loans	9.37%	9.63%
Interest Paid on Time and Savings Deposits to Average Time and Savings Deposits	5.98%	6.06%
	6.19%	6.21%



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania state banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for trust departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	December 31, 1977	December 31, 1976	Increase+ Decrease-
<b>RESOURCES</b>			
Cash, Due from Banks, etc.	\$ 2,069,730	\$ 1,814,054	\$ 255,676+
U.S. Government and Agency Obligations	4,257,760	3,711,994	545,766+
Obligations of State and Political Subdivisions	3,223,656	2,728,719	494,937+
Other Bonds, Notes, Debentures and Corporate Stocks	3,892,537	3,568,708	323,829+
Federal Funds Sold	552,614	544,800	7,814+
Loans and Discounts	18,242,158	16,542,606	1,699,552+
Bank Premises & Furn. & Fixt.	356,385	331,495	24,890+
Other Real Estate	70,451	53,513	16,938+
Other Resources	623,595	517,142	106,453+
<b>Total Resources</b>	<b>\$33,288,886</b>	<b>\$29,813,031</b>	<b>\$3,475,855+</b>
<b>LIABILITIES</b>			
Demand Deposits	\$ 5,939,237	\$ 5,382,197	\$ 557,040+
Time and Savings Deposits	23,201,743	20,724,815	2,476,928+
Federal Funds Purchased	998,790	904,217	94,573+
Borrowed Money	104,945	102,135	2,810+
Other Liabilities	568,156	468,288	99,868+
<b>Total Liabilities</b>	<b>\$30,812,871</b>	<b>\$27,581,652</b>	<b>\$3,231,219+</b>
<b>CAPITAL ACCOUNTS</b>			
Capital Securities	\$ 332,365	\$ 279,079	\$ 53,286+
Capital Stock	307,330	283,713	23,617+
Net Worth of Private Banks	4,954	4,523	431+
Surplus	1,281,614	1,155,540	126,074+
Undivided Profits	509,194	468,054	41,140+
Reserves	40,558	40,470	88+
<b>Total Capital Accounts</b>	<b>\$ 2,476,015</b>	<b>\$ 2,231,379</b>	<b>\$ 244,636+</b>
<b>Total Liabilities and Capital Accounts</b>	<b>\$33,288,886</b>	<b>\$29,813,031</b>	<b>\$3,475,855+</b>
<b>RESOURCES (By Type of Institution)</b>			
Banks	\$ 1,448,738	\$ 1,357,822	\$ 90,916+
Bank and Trust Companies	20,427,655	18,542,290	1,885,365+
Savings Banks	11,349,520	9,857,831	1,491,689+
Private Banks	52,686	45,417	7,269+
Trust Companies	10,287	9,671	616+
<b>Total Resources</b>	<b>\$33,288,886</b>	<b>\$29,813,031</b>	<b>\$3,475,855+</b>
<b>TRUST FUNDS</b>	<b>\$13,693,173</b>	<b>\$11,955,004</b>	<b>\$1,738,169+</b>
<b>TOTAL DEPOSITS</b>	<b>\$29,140,980</b>	<b>\$26,107,012</b>	<b>\$3,033,968+</b>
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>	<b>Operating</b>	<b>Operating</b>	
	<b>Institutions</b>	<b>Branch Offices</b>	<b>Institutions</b>
Banks	56	66	58
Bank and Trust Companies	93	904	93
Savings Banks	8	184	8
Private Banks	5	2	5
Trust Companies	2	0	2
<b>Total</b>	<b>164</b>	<b>1,156</b>	<b>166</b>
			<b>Operating</b>
			<b>Branch Offices</b>
			71
			889
			179
			2
			0
			<b>1,141</b>









# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE APRIL 6, 1978

Harrisburg - William E. Whitesell, Pennsylvania Secretary of Banking, announced today that the Department is ready to accept applications from foreign banking organizations for permission to open branches in the Commonwealth. The announcement follows the completion of rules and procedures prepared by the Department governing the operation of such branches within the state.

The procedures were prepared following passage of enabling legislation permitting the entry of foreign banking organizations into Pennsylvania. At the time this legislation was enacted it was pointed out that such permissiveness was necessary so that Pennsylvania banks would be able to enter many foreign countries which require reciprocity in such matters.

Foreign banking organizations that receive approval to operate branches in the Commonwealth will in general have the same powers as they have in their own nation. They would be restricted to the same rights and privileges under which Pennsylvania's own banks operate with emphasis on commercial business related to foreign trade.

Preliminary inquiries about the requirements for the opening of foreign branches in the state have been received from banking organizations in many nations in three continents. Many inquiries have been received from law firms specializing in foreign banking law who may represent one or more foreign banking organizations. Early indications are that foreign bankers are eyeing Philadelphia and Pittsburgh as possible locations.





APR 10 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE APRIL 6, 1978

Harrisburg - The ceiling rate continues at 10% for the month of May on residential mortgages of \$50,000 or under, it was announced today by Pennsylvania Secretary of Banking William E. Whitesell. This is the third consecutive month that the ceiling figure has held at the 10% level.

Each month the Department, as directed by law, sets the mortgage ceiling by adding 2.50% to the yield rate on long-term Government bonds as computed in Washington, D. C. by the U. S. Treasury Department. The U. S. Treasury computed the yield rate at 7.62%, adding 2.50%, which equals 10.12%, that rounds off to 10%.

The 10% figure has held for the months of March, April and May. In January and February it was 9 3/4%. In May of 1977 the ceiling rate was 9 3/4%, while in May of 1976 it was 9 1/4% as it was in May of 1975 and 1974.

##

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

APR 28 1978

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE

Harrisburg - In the 1970s there has been a fundamental shift in the activities of agencies regulating financial institutions, according to Pennsylvania Secretary of Banking William E. Whitesell.

Dr. Whitesell made this observation in his forward to the Department's 1977 Annual Report under the heading "Objectives of Regulation". The Secretary noted that recent legislation affecting financial institutions has had less to do with the traditional concerns of safety and soundness than with questions of social responsibility.

Citing as examples of this change of emphasis, the Secretary noted truth-in-lending and equal-opportunity-for-credit regulation. He stated that this has cast bankers and their regulators in unaccustomed, sometimes adversary, roles resulting in a certain amount of tension.

Over the years since the 1960s when safety and soundness was the paramount concern, he commented, bankers and their regulators have been able to reach rather general agreement on what this doctrine requires. The two parties have found somewhat less common ground in the interpretation of whether a financial institution is meeting its social obligations as indicated by employment practices, types of loans being made, need for various disclosures, and a host of similar items.

The Secretary remarked that at the same time institutions have become less and less satisfied with what they view as artificial restrictions

on their entry into what they look upon as fertile, new markets. This has resulted in disputes between various types of institutions as one sought entry into what had been another's exclusive province. In this changing scene, the Secretary said, financial institutions find themselves engaged in fierce competition with financial and nonfinancial institutions at the same time.

Secretary Whitesell summed up his views by saying that an important role of the regulator in this situation is to guide financial institutions through a period of transition. Change can be difficult for those who have failed to recognize the need for evolution. The major challenge, he said, is for each to recognize the kinds of changes required and to make such changes in a timely fashion. Change is inevitable and regulators and those with whom they deal must be prepared to work creatively within such an environment, he concluded.

##



MAY 4 1978  
COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

MAY 10 1978

8/17/8:1978/5/102  
**NEWS RELEASE**

CONTACT: 717-787-2112

FOR RELEASE MAY 1, 1978

Harrisburg - Pennsylvania Secretary of Banking William E.

Whitesell announced today that all persons who purchased money orders issued by the bankrupt Universal Money Order Co. in Pennsylvania and have had their money orders returned unpaid are entitled to file a claim if they have not already done so.

A coupon and instructions for filing such claims will be published shortly in leading newspapers throughout the state in English and Spanish texts. Those who will file a claim or who have already filed a claim are filing against the bond posted with the Commonwealth in the amount of \$200,000.

The percentage of reimbursement from bond proceeds to be received by the claimants cannot be determined until all claims have been processed and the total amount claimed measured against the bond.

All such claims must be filed on or before midnight of June 14, 1978 with Eliot H. Lumbard, Receiver, c/o Universal Money Order Co., P. O. Box 839, 29 Bank Street, New Milford, Connecticut 06776.

Claimants who have already filed with the Receiver should not file again. This would only complicate procedures and might lead to delay in receiving payment.

##









# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

1978  
MAY 10 1978

## NEWS RELEASE

1.17/8:1978/5202  
CONTACT: 717-787-2112

FOR RELEASE MAY 2, 1978

Atlanta, Ga., May 2 - Speaking on the topic "Regulation: Who Needs It?", Pennsylvania Secretary of Banking William E. Whitesell said that the objective of regulation should be to encourage markets to work effectively - not to stifle them.

Addressing the National Consumer Finance Association, Dr. Whitesell stated he favored free competitive markets wherever they may exist. Greater competition would likely mean less regulation and fewer regulatory bodies.

It would also imply that market participants would be more nearly free to take whatever course of action they wish. Each entrepreneur would be less constrained in seeking his own best interests in serving a given market. Instead, through the political process, certain financial institutions are subjected to greater and greater regulation in what is perceived to be the public interest.

Secretary Whitesell commented that if we are to have regulation it should be based on a free market philosophy, differing from a "big brother knows best" approach. It recognizes that consumers do not have available perfect market information or perfect mobility enabling them to seek the most competitive rates. Consumers also need greater information than they typically possess. As a result numerous states have decided that consumers must be protected in a variety of ways, including usury ceilings.

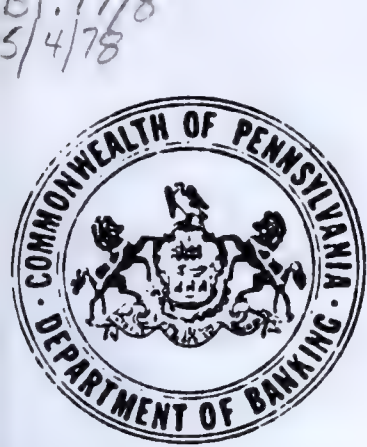
This may lead to other problems. For example, usury ceilings may be set too low. The result is that creditworthy individuals are denied a product for which they are willing to pay the going price. Secretary Whitesell asked,

"Is it not better to have credit available at a price consumers are willing to pay than to have no credit available at a low price?"

The Secretary, in his critique of regulatory participation in markets served by finance companies also called attention to the fact that finance companies are forbidden to offer deposit accounts. Most of the firms with which finance companies compete can obtain funds by offering such deposit accounts. He said if finance companies were allowed to accept deposits they should also be required to have deposit insurance.

Dr. Whitesell ended by emphasizing that a lack of competition and consumer ignorance combined to produce many of the conditions which led to problems associated with regulation of finance company operations. "More competition and greater consumer education would reduce the need for regulation in any form. Greater competition might not be viewed by finance companies as an absolutely desirable end, but the alternative of greater regulation might be even worse," he added.

##



SEP 2 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MAY 4, 1978

Harrisburg - The ceiling rate on Pennsylvania residential mortgages of \$50,000 or less was set at 10 1/4% for the month of June, it was announced today by Secretary of Banking William E. Whitesell. The ceiling has been at 10% for the months of March, April and May. It was 9 3/4% for January and February. In May of 1977 it was 9 3/4%.

As required by law, the office of the Secretary computes the ceiling rate by adding 2.50% to the yield rate on long-term Government bonds from figures supplied by the Federal Reserve Board or the U. S. Treasury Department, Washington, D. C. The latest yield rate on long-term Government bonds as provided by both federal agencies is 7.74% and adding 2.50% equals 10.24% that rounds off to the nearest quarter at 10 1/4%.

##







MAY 8 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

JUN 01 1978

## NEWS RELEASE

8 117-011978/51852

CONTACT: 717-787-2112

FOR RELEASE MAY 8, 1978

Pittsburgh, May 8 - The nature of Bank regulation is changing was the message Pennsylvania Secretary of Banking William E. Whitesell brought to the 58th Annual Conference of the National Association of Mutual Savings Banks.

Dr. Whitesell reflected on the traditional relationship between the Secretary of Banking and the banks being regulated. Historically, the Secretary has been an advocate for the institutions regulated and he has been almost exclusively concerned with safety and soundness. Dr. Whitesell explained his own view that this traditional role may be changing somewhat because of consumer protection legislation. Consumer advocacy and advocacy for regulated institutions are not mutually exclusive in most cases; and there is usually no need for an adversary relationship. Adversary positions may occasionally arise, however.

In this regard, Secretary Whitesell brought up his approval of noninterest-bearing NOW accounts or NINOWS for the state's mutual savings banks. The response of the commercial banks in the state has been to challenge the matter in the courts which so far have upheld the Department. The suit was argued a few weeks ago before the State Supreme Court and a final decision is now being awaited.

Secretary Whitesell made clear his support for even wider powers for mutual savings banks on the grounds that it would increase competition and market efficiency to the general benefit of the consuming public. He said that entry of mutual savings banks into such fields as consumer loans and life insurance would be in the public interest.

Commenting on the Community Reinvestment Act (CRA), Secretary Whitesell took the position that such legislation is designed to improve the effectiveness

with which financial institutions serve their markets. As he sees it, the major hurdle is designing regulations so that they encourage thoughtful institutional planning without forcing credit allocation.

In both Pittsburgh and Philadelphia mutual savings banks have been early leaders in developing plans to channel needed funds into urban areas. The Philadelphia Saving Fund Society has nurtured the widely copied Philadelphia Mortgage Plan. In Pittsburgh, the Dollar Savings Bank has initiated an active mortgage review group that has been a constructive community force for some years. Significantly both undertakings were initiated independently long before legislation was proposed. Unhappily, not all institutions in all states have such a record of constructive responses to the challenge of urban decay.

According to Secretary Whitesell this lack of responsiveness to local credit needs has led to charges of redlining of neighborhoods. For many, such a charge is unwarranted, but some have been lax. CRA is a Congressional response to a perception that not all lending institutions have been fulfilling their commitment to make mortgage money available for all creditworthy borrowers.

He warned if the situation "is not addressed firmly and positively, you should expect more and not less of this type of regulation.... I do not think you want that. Face the issue, and deal with it. That should give us less regulation and more freedom to pursue...business in a less restrictive environment."

Calling on mutual savings banks to give the consumer a larger voice in the industry, Secretary Whitesell suggested that vacancies could be created on the boards of mutual savings banks by eliminating the interlocking of directors with commercial banks and insurance companies. He expressed the view that interlocking directorates between mutual savings banks, commercial banks, and insurance companies represent a definite opportunity for and appearance of conflicts of interest. He also suggested that there be no more life appointments to boards of trustees with service by trustees limited to a definite term.



SEP 22 1978



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Beginning Wednesday  
May 24, 1978

B1.17/8  
5/24/78  
C.2

Secretary of Banking William E. Whitesell today released the consolidated Report of Condition of State-chartered banking institutions as of March 31, 1978.

Total resources of Pennsylvania's State-chartered banks reached a new all time high of \$33,665,095,000 and reflect an increase of \$3,043,312,000, up 9.9% from March 31, 1977. Increases of \$2,540,716,000 in deposits and \$251,999,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$1,700,283,000 in loans and \$1,331,802,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 58.2%; Securities Investments - 29.5%; Cash and Due from Banks - 8.6%; and All Other Resources - 3.7%. The ratio of total capital accounts to total deposits is 10.0%. The loans to deposit ratio is 69.9%. The total capital accounts to total resources ratio is 8.4%.

During this period the number of branches increased from 1,140 to 1,164 and banking offices now total 1,327.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a comparative statement of condition of Pennsylvania State banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for trust departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	March 31, 1978	March 31, 1977	Increase+ Decrease-	
<b>RESOURCES</b>				
Cash, Due from Banks, etc.	\$ 2,031,473	\$ 1,852,366	\$ 179,107+	
U.S. Government and Agency Obligations	4,257,344	3,827,824	429,520+	
Obligations of State and Political Subdivisions	3,372,484	2,878,800	493,684+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,955,697	3,547,099	408,598+	
Federal Funds Sold	582,630	810,821	228,191-	
Loans and Discounts	18,386,039	16,685,756	1,700,283+	
Bank Premises & Furn. & Fixt.	361,915	334,165	27,750+	
Other Real Estate	78,550	67,899	10,651+	
Other Resources	638,963	617,053	21,910+	
<b>Total Resources</b>	<b>\$33,665,095</b>	<b>\$30,621,783</b>	<b>\$3,043,312+</b>	
<b>LIABILITIES</b>				
Demand Deposits	\$ 5,419,166	\$ 5,048,548	\$ 370,618+	
Time and Savings Deposits	23,612,179	21,442,081	2,170,098+	
Federal Funds Purchased	1,369,367	1,076,728	292,639+	
Borrowed Money	81,943	114,453	32,510-	
Other Liabilities	644,363	653,895	9,532-	
<b>Total Liabilities</b>	<b>\$31,127,018</b>	<b>\$28,335,705</b>	<b>\$2,791,313+</b>	
<b>CAPITAL ACCOUNTS</b>				
Capital Securities	\$ 332,255	\$ 285,181	\$ 47,074+	
Capital Stock	308,827	286,738	22,089+	
Net Worth of Private Banks	5,120	4,741	379+	
Surplus	1,315,185	1,193,944	121,241+	
Undivided Profits	533,224	476,407	56,817+	
Reserves	43,466	39,067	4,399+	
<b>Total Capital Accounts</b>	<b>\$ 2,538,077</b>	<b>\$ 2,286,078</b>	<b>\$ 251,999+</b>	
<b>Total Liabilities and Capital Accounts</b>	<b>\$33,665,095</b>	<b>\$30,621,783</b>	<b>\$3,043,312+</b>	
<b>RESOURCES (By Type of Institution)</b>				
Banks	\$ 1,452,417	\$ 1,382,818	\$ 69,599+	
Bank and Trust Companies	20,503,435	18,819,135	1,684,300+	
Savings Banks	11,635,230	10,361,815	1,273,415+	
Private Banks	63,419	47,839	15,580+	
Trust Companies	10,594	10,176	418+	
<b>Total Resources</b>	<b>\$33,665,095</b>	<b>\$30,621,783</b>	<b>\$3,043,312+</b>	
<b>TRUST FUNDS</b>	<b>\$12,997,605</b>	<b>\$12,387,430</b>	<b>\$ 610,175+</b>	
<b>TOTAL DEPOSITS</b>	<b>\$29,031,345</b>	<b>\$26,490,629</b>	<b>\$2,540,716+</b>	
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>				
	<b>Institutions</b>	<b>Operating Branch Offices</b>	<b>Institutions</b>	<b>Operating Branch Offices</b>
Banks	55	66	57	69
Bank and Trust Companies	93	911	92	891
Savings Banks	8	185	8	178
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
<b>Total</b>	<b>163</b>	<b>1,164</b>	<b>164</b>	<b>1,140</b>





AUG 23 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE June 5, 1978

Harrisburg - The Pennsylvania Department of Banking has begun a program which has as its goal financial education of the public.

Secretary of Banking William E. Whitesell announced that a series of pamphlets and flyers is being prepared by the Department on such subjects as check cashing, confidence schemes, loan interest rates, and other financial areas of concern to the public. This information should assist the consumer in understanding and dealing with his financial affairs and will help to eliminate some of the misunderstanding that may occur between an individual and the financial institution with which he is doing business.

Pamphlets will be made available to financial institutions throughout the Commonwealth for distribution to customers. Copies will also be available to the general public directly from the Department of Banking.

##

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION







AUG 23 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: JUNE 5, 1978

Harrisburg - The ceiling rate remains unchanged at 10 1/4% for the month of July on Pennsylvania residential mortgages of \$50,000 or less, it was announced today by Secretary of Banking William E. Whitesell. The ceiling rate reached the 10 1/4% level for the first time in June. It had been at 10% for the months of March, April and May. In July of 1977 the ceiling was 9 3/4%.

The ceiling rate is computed by the Banking Department each month as required by law. It is arrived at by adding 2.50% to the monthly yield rate on long-term Government bonds supplied by the U. S. Treasury Department, Washington, D. C. The latest yield rate provided the Department by the Treasury is 7.87%, and adding 2.50% equals 10.37% that rounds off to the nearest quarter as 10 1/4%.

##





AUG 17 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shopp  
Governor

433 Education Bldg  
Harrisburg, Pa 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT 717-787-2112

FOR RELEASE JULY 7, 1978

Harrisburg - The new ceiling rate is 10 1/2% on Pennsylvania residential mortgages of \$50,000 or less for the month of August, it was announced today by Secretary of Banking William E. Whitesell. For July the rate as previously announced is 10 1/4%. It was also 10 1/4% in June. In August of 1977 the ceiling rate was 9 1/2%.

The Banking Department, under legislative directive, sets the ceiling rate each month by adding 2.50% to the yield rate on long-term Government bonds as computed by the Board of Governors of the Federal Reserve System or the U. S. Treasury Department. The latest yield rate on long-term Government bonds was reported at 7.94%. Adding 2.50% gives a total of 10.44%, which is rounded off to the nearest quarter as 10 1/2%.

The ceiling rate pattern so far this year has been 9 3/4% for January and February, 10% for March, April and May, and 10 1/4% for June and July.

##

PENNSYLVANIA STATE LIBRARY  
JULY 1978 SECTION







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE AUGUST 7, 1978

Harrisburg - For September the ceiling rate on residential mortgages in Pennsylvania remained unchanged at 10 1/2%, it was announced today by the Department of Banking. The ceiling rate for August also is 10 1/2%. In September of 1977 the ceiling rate was 9 1/2%.

The Department, as authorized by law, computes the ceiling figure each month by adding 2.50% to the yield rate on long-term government bonds as computed by either the Federal Reserve Board, Washington, D. C., or the U. S. Treasury Department. According to figures supplied the Federal Reserve Board the yield rate on long-term governments was 8.09%, to which was added 2.50% for a total of 10.59% that rounds off to the nearest quarter at 10 1/2%.

The ceiling on residential mortgages in Pennsylvania started at 9 3/4% for January and February, 10% for March, April and May, 10 1/4% for June and July, and now 10 1/2% for August and September.

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

430 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE August 16, 1978

SEP 05 1978

Harrisburg - The Pennsylvania Department of Banking has issued the first in a series of consumer information pamphlets. The initial effort is entitled "Checking Up On Check Cashing".

The pamphlet urges individuals to build up an ongoing relationship with financial institutions with which they do business. It notes that banks and other institutions cash checks more readily for known customers.

The pamphlet also explains why financial institutions are wary of cashing checks for strangers. It points to the serious losses suffered from processing "bad checks".

The pamphlet likewise explains the time it takes to "clear" a check, i.e., the time for the check from an out-of-town institution to be returned to that institution.

##







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: AUGUST 24, 1978

Washington, D. C., August 24 - "On balance, the consolidation of all three Federal bank regulatory agencies into one agency would be a good thing" was the crux of the testimony by Pennsylvania Secretary of Banking William E. Whitesell. Dr. Whitesell, a banking economist, appeared today before a joint session of the Senate Committees on Governmental Affairs and Banking, Housing and Urban Affairs.

Secretary Whitesell, in citing advantages of Senate Bill No. 2750 (the Consolidation Bank Regulation Act of 1978) listed some of the favorable points of the legislation. It would, among other things:

- Substantially strengthen the dual banking system.
- For the first time give a state banking official the opportunity to be part of the decision-making process in Washington. (The legislation provides that one member of the governing board of the newly combined agency would be a person intimately familiar with state bank regulation.)
- Go far to solve the problem of duplicate and overlapping bank examinations with the resulting extra costs to banking.
- Maintain at full strength some state banking departments that have been seriously threatened by possible budget cutbacks in individual states. (Fees would be paid state banking departments for examinations conducted on behalf of Federal agencies.)

According to Dr. Whitesell, the discussion aroused by the present Bill has made it clear that even without the proposed legislation there is much that can be done by the Federal regulatory agencies using their current powers. He pointed to



the fact that the Federal Deposit Insurance Corporation (FDIC) can now contract to have state banking departments carry out examinations which the FDIC could accept. He added that the machinery exists for the Federal Reserve System to secure the same type of cooperation from state banking departments and urged both the FDIC and the Federal Reserve to move further in this direction.

Dr. Whitesell also urged removal of the Federal Reserve from the field of bank examination and regulation. He believes that the Federal Reserve should devote its energies to the formulation and execution of monetary policy, its primary responsibility. Secretary Whitesell suggested that the Federal Reserve should be phased out of its regulatory duties even if Congress decided to take no further action on Senate Bill No. 2750.

###







# COMMONWEALTH OF PENNSYLVANIA SEP 2 9 1978 DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE SEPTEMBER 8, 1978

B1.17/8  
9/8/78

C2

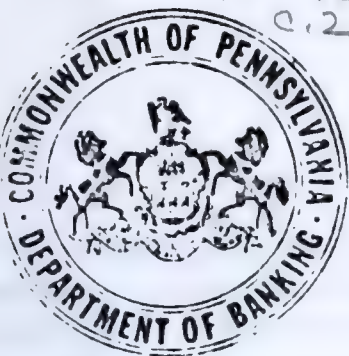
Harrisburg - Secretary of Banking William E. Whitesell announced today that the ceiling rate for October declined to 10 1/4% on residential mortgages of \$50,000 or less. The September ceiling is 10 1/2% as it was for August.

Each month the Department computes the ceiling rate as authorized by law by adding 2.50% to the yield rate on long-term government bonds that is furnished the Department by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term government securities was 7.87% to which was added 2.50%, that rounds off to the nearest quarter at 10 1/4%.

The mortgage ceiling rate pattern in Pennsylvania has been 9 3/4% for January and February, 10% for March, April and May, while for June and July the ceiling was 10 1/4%.

###





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Beginning Thursday,  
September 21, 1978

Harrisburg - Secretary of Banking William E. Whitesell today reported that as of June 30, 1978, total resources of State-chartered banking institutions reached a new high of \$34,487,277,000. This represents an increase of 9.6% or \$3,033,268,000 over June 30, 1977, when the total was \$31,454,009,000. The Secretary made these figures public as part of a study made twice each year by the Department.

The principal factors contributing to the growth were a \$2,699,792,000 upswing in deposits in State-chartered banking institutions and a \$240,529,000 growth in capital accounts over the figures reported for June a year ago. The Secretary noted that 38% of the total increase in resources was used to expand loans (excluding mortgage loans made by savings banks), while 36% went into investments such as U. S. Treasury securities and municipal bonds.

A more detailed analysis of total resources of all State-chartered commercial banks (the eight State mutual savings banks are not included in the following computed ratios because of their differing financial structure) discloses that loans and discounts at the end of June amounted to 58.9% of total assets as compared to June 1977 when the ratio was 59.3%. This slight decline in loan and discount totals reflects a continuing policy of greater loan selectivity and no appreciable increase in loan demand.

The percentage of total assets of the State's commercial banks in investment securities was 28.8% as of June 30, 1978, compared to 29.1% as of December 31, 1977, and 28.7% in June 1977. To some degree, the slight decline in loan and discount ratios, accompanied by no appreciable change in the ratio of investment securities, is an indicator of caution during this period. It also reflects a strengthening of the banking system in its ability to finance any increase in loan demand.

During this period cash and due from banks was 8.8% of total resources compared to 8.8% on December 31, 1977, and 8.4% on June 30, 1977. The percentage of total resources in "all other resources" remained relatively unchanged at 3.5% for this June, 3.6% for last December, and 3.6% for June 1977. Likewise, there was little change in the ratio of total capital accounts to total deposits which amounted to 9.8% as of June 30, 1978, versus 9.7% for December 1977, and 9.9% for June a year ago.

Indicative of no appreciable change in loan demand, the loan to deposit ratio this June was 69.8%, up from 68.8% last December and slightly below the 70.8% figure for June last year.



The equity capital accounts of Pennsylvania banks as a percentage of total assets remained relatively stable and were, respectively, 7.2%, 7.1% and 7.2% for June 30, 1978, December 31, 1977, and June 30, 1977. Secretary Whitesell noted that the last published FDIC equity capital to total asset ratio for all of the nation's commercial banks was 7.1% which indicates that Pennsylvania's State-chartered commercial banks are in line with the national average.

Net operating earnings for all State-chartered banking institutions as of June 30, 1978, were \$164,308,000, an increase of \$21,631,000, up 15.2% from \$142,677,000 on June 30, 1977.

The total number of banking offices in Pennsylvania at mid-year 1978 was 1,337, up from 1,310 a year earlier. The number of institutions declined by three as a result of mergers by two banks with National banks and one State bank with another State bank. The number of branches increased by 30 from 1,145 to 1,175. In the comparable period of June 1976 through June 1977, the number of branches increased by a total of 39.

Attention is directed to the appended consolidated statement.

##



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for trust departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	June 30, 1978	June 30, 1977	Increase+ Decrease-	
<b>RESOURCES</b>				
Cash, Due from Banks, etc.	\$ 2,137,973	\$ 1,890,308	\$ 247,665+	
U.S. Government and Agency Obligations	4,324,130	3,963,044	361,086+	
Obligations of State and Political Subdivisions	3,484,565	2,933,937	550,628+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,913,337	3,744,567	168,770+	
Federal Funds Sold	549,761	666,217	116,456-	
Loans and Discounts	19,003,059	17,269,375	1,733,684+	
Bank Premises & Furn. & Fixt.	364,037	345,690	18,347+	
Other Real Estate	72,641	72,566	75+	
Other Resources	637,774	568,305	69,469+	
<b>Total Resources</b>	<b>\$34,487,277</b>	<b>\$31,454,009</b>	<b>\$3,033,268+</b>	
<b>LIABILITIES</b>				
Demand Deposits	\$ 5,836,951	\$ 5,247,578	\$ 589,373+	
Time and Savings Deposits	24,066,923	21,956,504	2,110,419+	
Federal Funds Purchased	1,226,074	1,166,713	59,361+	
Borrowed Money	118,845	112,531	6,314+	
Other Liabilities	642,949	615,677	27,272+	
<b>Total Liabilities</b>	<b>\$31,891,742</b>	<b>\$29,099,003</b>	<b>\$2,792,739+</b>	
<b>CAPITAL ACCOUNTS</b>				
Capital Securities	\$ 332,230	\$ 302,314	\$ 29,916+	
Capital Stock	314,441	287,816	26,625+	
Net Worth of Private Banks	5,323	5,031	292+	
Surplus	1,359,218	1,219,112	140,106+	
Undivided Profits	541,626	500,615	41,011+	
Reserves	42,697	40,118	2,579+	
<b>Total Capital Accounts</b>	<b>\$ 2,595,535</b>	<b>\$ 2,355,006</b>	<b>\$ 240,529+</b>	
<b>Total Liabilities and Capital Accounts</b>	<b>\$34,487,277</b>	<b>\$31,454,009</b>	<b>\$3,033,268+</b>	
<b>RESOURCES (By Type of Institution)</b>				
Banks	\$ 1,490,827	\$ 1,365,063	\$ 125,764+	
Bank and Trust Companies	21,051,327	19,356,083	1,695,244+	
Savings Banks	11,878,243	10,665,873	1,212,370+	
Private Banks	56,162	56,828	666-	
Trust Companies	10,718	10,162	556+	
<b>Total Resources</b>	<b>\$34,487,277</b>	<b>\$31,454,009</b>	<b>\$3,033,268+</b>	
<b>TRUST FUNDS</b>	<b>\$15,092,285</b>	<b>\$12,809,578</b>	<b>\$2,282,707+</b>	
<b>TOTAL DEPOSITS</b>	<b>\$29,903,874</b>	<b>\$27,204,082</b>	<b>\$2,699,792+</b>	
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>				
	<b>Institutions</b>	<b>Operating Branch Offices</b>	<b>Institutions</b>	<b>Operating Branch Offices</b>
Banks	54	67	56	66
Bank and Trust Companies	93	921	94	898
Savings Banks	8	185	8	179
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
	<u>162</u>	<u>1,175</u>	<u>165</u>	<u>1,145</u>



OCT 16 1978



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: OCTOBER 4, 1978

PBI 17/P  
10/4/78  
12

Harrisburg, Pa., Oct. 4 - The ceiling rate on residential mortgages of \$50,000 or less remained unchanged at 10 1/4% for the month of November, it was announced today by Pennsylvania Secretary of Banking William E. Whitesell.

Under legislative mandate the ceiling rate is computed each month by adding 2.50% to the yield rate on long-term U. S. Government Bonds. The latest yield rate on long-term governments was 7.82% to which was added 2.50% for a total of 10.32% that rounds off to the nearest quarter at 10 1/4%.

For November a year ago the ceiling rate was 9 1/2%. This year monthly ceiling rates have been 9 3/4% for January and February, 10% for March, April and May, 10 1/4% for June and July, 10 1/2% for August and September, and 10 1/4% for October.

##

PENNSYLVANIA STATE LIBRARY  
JOURNAL SECTION





PB 17/8:1978/10/11



## COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

OCT 20 1978

FOR RELEASE OCTOBER 11, 1978

Harrisburg, Oct. 11 - The Pennsylvania Supreme Court has upheld the authority of the state's Banking Department and the Secretary of Banking to issue regulations authorizing the state's mutual savings banks to offer to the public noninterest-bearing negotiable orders of withdrawal. These are more familiarly known as NINOW accounts. To the public they have many of the aspects of a checking account.

The Supreme Court's unanimous decision written by Justice Louis L. Manderino resulted from a suit brought by the Pennsylvania Bankers Association representing the state's commercial bankers against the Banking Department and Secretary of Banking William E. Whitesell. The contention of the PBA was that the "Department of Banking exceeded its rule-making authority in promulgating a regulation" permitting NINOW accounts.

In the Court's opinion, the fact was cited that the Secretary of Banking only acted after receiving an affirmative legal review of the matter from the Attorney General of Pennsylvania. The Court noted that the "Attorney General did add the caveat that....any such regulation must require each NOW account draft to contain language which indicates that the bank may require 14 days notice before making payment."

The Department on January 15, 1977 published proposed regulations covering NOW accounts. The regulations became operative on March 12, 1977. Subsequently, the commercial bankers filed suit in Commonwealth Court. That Court upheld the Department's power to permit NOW accounts. The appeal was then taken to the state Supreme Court.

- more -



Speaking for the Supreme Court, Justice Manderino writes that NOW accounts do not "contravene" any section of the Banking Code. He added, "We agree with the Commonwealth Court that the legend on NOW drafts giving savings banks the option to require 14 days notice before making payment significantly and sufficiently distinguishes NOW drafts from the traditional check." The Justice continues, "There is no requirement that savings banks actually exercise this right to take 14 days to pay a draft, and whether or not they ordinarily do so, such an instrument is obviously not 'payable on demand' and hence not a check...."

The Court in noting that the mutual savings banks advertise that NOW drafts "work just like checks", commented that "Legally these instruments are not checks, and savings banks' advertising campaigns are not relevant...."

In addition, the Court found that the regulations for NOW accounts do not violate the "exercise of its (Banking Department) rule-making powers, the legislature expressly set forth in its intent in enacting the Banking Code."

Further, the Court commented "The Department's express mandate under 'the (Banking) Code is to promulgate rules with an eye to providing the opportunity for institutions subject to (the Banking Code) to serve effectively the convenience and needs of their depositors'." The Court likewise took notice that the Code enables the Department "to give a savings bank the leeway to adapt to changing and expanding requirements of the community, and to leave room for the management of institutions to exercise their business judgment in conducting the affairs of the institutions." In light of this proposition, the Court in its opinion observed "Regulations which sanction NOW accounts as one method of withdrawing deposits are obviously in accord with these purposes."

In developing this line of thought the Court cited other banking innovations such as telephone banking, withdrawal by mail, and computerized, 24-hour banking. The Court commented "it is manifest that such departures were not only foreseen but encouraged by the Banking Code and the legislator's desire to create a 'progressive rather than restrictive atmosphere' in the banking industry. Permitting NOW accounts can only further that statutory goal."





Confronting the contention that NOW accounts for savings banks would be an "unjustified competitive edge" and would "cause a shift of deposits", the Court made the point that it was the duty of the Department to weigh such matters. Justice Manderino stated, "An appellate court should defer to the administrative agency to determine such things as the effect differing banking practices will have on competition between commercial and savings banks; whether a particular service would constitute a competitive advantage and, if so, whether such an advantage is warranted or desirable; whether a shift in deposits would indeed occur and, if so, whether such a shift would have a deleterious effect on banking in general...."

The Justice summed up his opinion by saying "The Department of Banking, as an administrative agency with experience and expertise in dealing with the business of banking, is far better suited to weigh and properly resolve these matters than this Court."

##





# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: NOVEMBER 3, 1978

B1.17/8  
v.3, 1978

Harrisburg, Pa., Nov. 3, 1978 - The Pennsylvania ceiling rate on residential mortgages of \$50,000 or less advanced to 10 1/2% for the month of December, up from 10 1/4% for November, it was announced today by Secretary of Banking William E. Whitesell.

As computed by law, the ceiling rate is derived by adding 2.5% to the yield rate on long-term Government bonds. This yield rate is prepared monthly by the Board of Governors of the Federal Reserve System and the U. S. Treasury Department. The most recent yield rate on long-term Government securities is 8.07%, to which has been added 2.5% for a total of 10.57% that rounds off to the nearest quarter at 10 1/2%.

For the year 1978 the rate was 9 3/4% for January and February, 10% for March, April and May, 10 1/4% for June and July, 10 1/2% for August and September and 10 1/4% for October and November.

##

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION







# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

DEC 1 1978  
DEC 08 1978

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE NOVEMBER 28, 1978

Harrisburg - "Shopping For A Loan" is a new consumer information pamphlet now being distributed by the Pennsylvania Department of Banking as a public service. Secretary of Banking William E. Whitesell stated this is the second in a series which was inaugurated with the pamphlet "Checking Up On Check Cashing", of which approximately 250,000 have been distributed in the past few months.

"Shopping For A Loan" explains to borrowers that a loan is a rental of money. To get the best deal, one should shop around among competing institutions.

The pamphlet lists the most common sources for consumer loans. It urges would-be borrowers to request from lenders the kinds of basic information that will make it possible to compare loan costs and terms from various institutions.

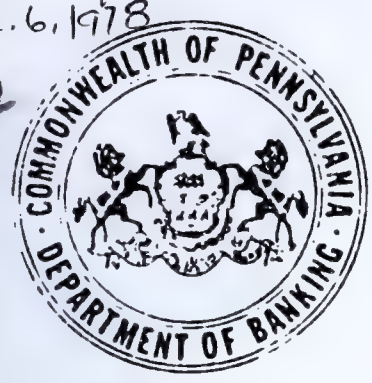
Both pamphlets are available to individuals from the Department upon request or to consumer groups and financial institutions in larger quantities at minimum cost.

##



011110  
2.6.1978

MAR 13 1979



# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: December 6, 1978

Harrisburg, Pa. - For the month of January the ceiling rate for Pennsylvania residential mortgages of \$50,000 or less will be 10 3/4%, according to an announcement by Secretary of Banking William E. Whitesell. The latest increase of one quarter of one percent from the 10 1/2% of December boosts the figure to the highest level since the Banking Department was first directed by law to make the monthly computation.

Secretary Whitesell commented that the 10 3/4% legal ceiling for residential mortgages reflects higher money rates throughout the nation's economy. The prime lending rate by banks to their best customers is now at 11 1/2%. The discount rate, or the rate the Federal Reserve charges banks which borrow from it, is now at 9 1/2%. This is the highest discount rate the Federal Reserve has ever charged. The Federal funds rate, representing the cost of money one bank loans another to adjust reserves, hovers between 9 3/4% and 10%. High denomination certificates of deposit in amounts of \$100,000 or over vary up to 11 1/2%, according to maturity.

It was pointed out by the Secretary that borrowers in states that do not have a flexible mortgage rate are experiencing increasing difficulty in obtaining mortgage funds. Several neighboring states have ceilings on home mortgages of 8 1/2% and 9 1/2% and as a result home financing has virtually shut down. National banks in these states are lending at 10 1/2%, or one percent above the discount rate.

The residential mortgage ceiling rate for the Commonwealth is published each month by the Banking Department after securing the yield rate on long-term Government securities from the Federal Reserve Board and/or the U. S. Treasury to which is added 2.50%. The latest yield rate on long-term governments is 8.16%, to which is added 2.50% for a total of 10.66%. This rounds off to the nearest quarter as 10 3/4%. In January of 1978 the ceiling rate on mortgages in Pennsylvania was 9 3/4%; in the same month in 1977, it was 9%.







DEC 27 1978

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE Thursday,  
December 7, 1978

31.17/8  
17/78  
C.2

Secretary of Banking William E. Whitesell today released the consolidated Report of Condition of State-chartered banking institutions as of September 30, 1978.

Total resources of Pennsylvania's State-chartered banks were \$35,517,660,000, the highest ever, on September 30, 1978, and reflect an increase of \$3,135,503,000 (9.7%) compared to September 30, 1977.

Increases of \$2,597,210,000 in deposits and \$213,194,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$1,748,054,000 in loans and \$828,763,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and Discounts - 59.7%; Securities Investments - 28.3%; Cash and Due From Banks - 8.5%; and All Other Resources - 3.5%. The ratio of total capital accounts to deposits is 9.8%. The loan to deposit ratio is 71.6%. Total equity capital to total resources is 7.2%.

During this period the number of branches increased from 1,145 to 1,190 and total banking offices from 1,310 to 1,351.



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State Banks, Bank and Trust Companies, Savings Institutions, Private Banks and Trust Companies. Also presented are figures for Trust Departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

RESOURCES	September 30, 1978	September 30, 1977	Increase+ Decrease-	
Cash, Due from Banks, etc.	\$ 2,141,951	\$ 1,721,234	\$ 420,717+	
U.S. Government and Agency Obligations	4,382,819	4,165,693	217,126+	
Obligations of State and Political Subdivisions	3,639,906	3,090,499	549,407+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,867,723	3,805,493	62,230+	
Federal Funds Sold	795,048	770,629	24,419+	
Loans and Discounts	19,596,039	17,847,985	1,748,054+	
Bank Premises & Furn. & Fixt.	382,978	345,442	37,536+	
Other Real Estate	71,978	75,517	3,539-	
Other Resources	639,218	559,665	79,553+	
Total Resources	<u>\$35,517,660</u>	<u>\$32,382,157</u>	<u>\$3,135,503+</u>	
LIABILITIES				
Demand Deposits	\$ 5,828,714	\$ 5,383,175	\$ 445,539+	
Time and Savings Deposits	24,755,053	22,603,382	2,151,671+	
Federal Funds Purchased	1,492,912	1,217,446	275,466+	
Borrowed Money	121,651	92,405	29,246+	
Other Liabilities	657,743	637,356	20,387+	
Total Liabilities	<u>\$32,856,073</u>	<u>\$29,933,764</u>	<u>\$2,922,309+</u>	
CAPITAL ACCOUNTS				
Capital Securities	\$ 328,165	\$ 331,479	\$ 3,314-	
Capital Stock	316,018	305,864	10,154+	
Net Worth of Private Banks	6,150	5,642	508+	
Surplus	1,389,511	1,242,967	146,544+	
Undivided Profits	577,264	523,074	54,190+	
Reserves	44,479	39,367	5,112+	
Total Capital Accounts	<u>\$ 2,661,587</u>	<u>\$ 2,448,393</u>	<u>\$ 213,194+</u>	
Total Liabilities and Capital Accounts	<u>\$35,517,660</u>	<u>\$32,382,157</u>	<u>\$3,135,503+</u>	
RESOURCES (By Type of Institution)				
Banks	\$ 1,491,378	\$ 1,410,075	\$ 81,303+	
Bank and Trust Companies	21,833,411	19,851,373	1,982,038+	
Savings Banks	12,125,564	11,048,082	1,077,482+	
Private Banks	56,291	62,131	5,840-	
Trust Companies	11,016	10,496	520+	
Total Resources	<u>\$35,517,660</u>	<u>\$32,382,157</u>	<u>\$3,135,503+</u>	
TRUST FUNDS	<u>\$15,719,941</u>	<u>\$13,218,838</u>	<u>\$2,501,103+</u>	
TOTAL DEPOSITS	<u>\$30,583,767</u>	<u>\$27,986,557</u>	<u>\$2,597,210+</u>	
NUMBER OF INSTITUTIONS AND BRANCH OFFICES				
	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	52	67	56	66
Bank and Trust Companies	94	935	94	897
Savings Banks	8	186	8	180
Private Banks	5	2	5	2
Trust Companies	2	0	2	0
	<u>161</u>	<u>1,190</u>	<u>165</u>	<u>1,145</u>







MAR 07 1979

# COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING

Milton J. Shapp  
Governor

433 Education Bldg.  
Harrisburg, Pa. 17120

William E. Whitesell  
Secretary

## NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: JANUARY 8, 1979

21.17/8  
an 8, 1979  
2

Harrisburg, Pa. - Secretary of Banking William E. Whitesell

announced today that the Pennsylvania ceiling rate on residential mortgages of \$50,000 or less would remain unchanged at 10 3/4% for the month of February. The 10 3/4% rate was announced in December for the month of January. This is the highest level reached since the Banking Department was authorized by legislation in 1974 to compute the mortgage ceiling on a monthly basis. In February of 1978 the ceiling rate was 9 3/4%.

By law, the Department computes the rate by adding 2.50% to the yield rate on long-term Government bonds as made public by the Federal Reserve Board, Washington, D. C. The latest yield rate on long-term Government issues was 8.36%. Adding 2.50% gives a total of 10.86% that rounds off to the nearest quarter at 10 3/4%.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

FEB 22 1979

# NEWS RELEASE

2/3/1979/8:1979/2/202

CONTACT: 717-787-2112

FOR RELEASE: FEBRUARY 7, 1979

Harrisburg, Pa. -- James G. Novinger, Acting Secretary of Banking, today announced that 11% would be the March ceiling rate for Pennsylvania residential mortgages of \$50,000 or less. As previously announced, the ceiling for February is 10 3/4%, as it had been for January. The 11% ceiling is the highest since the Department first began computing the interest figure back in March of 1974 when it was 9%.

The mortgage ceiling is computed by the Banking Department each month under legislative mandate by adding 2.50% to the yield rate on long-term Government bonds as disclosed by the Federal Reserve Board and the U. S. Treasury. The latest yield rate on long-term Governments as made public in Washington is 8.43%, and adding 2.50% gives a total of 10.93% that rounds off to the nearest quarter at 11%. In 1978 the January and February figures were 9 3/4% and the March ceiling was 10%.

##







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

MAR 8 1979

# NEWS RELEASE

03/17/81 1979/3/6 C.2  
CONTACT: 717-787-2112

FOR RELEASE: NOON March 6, 1979

Harrisburg, Pa. - Ben McEnteer, Pennsylvania Secretary of Banking, in a speech to the Pennsylvania Savings League today, said competition in the marketplace should be allowed to set interest rates rather than government regulation.

Speaking to the League's annual Legislative Conference at the Penn Harris Motor Inn, the Secretary commented that the Federal Reserve Regulation Q has in effect already been eroded by the permission granted to financial institutions to offer to the public six-month, high-yield Certificates of Deposit tied to the U. S. Treasury bill rate.

Secretary McEnteer told the statewide gathering of savings association executives that he would by regulation approve for the industry Withdrawal by Assignment Accounts (WAAs). He warned, however, the WAAs from an operational standpoint seem complex and might be a costly service for which there is no sustained public demand. The Secretary pointed to the experience of the state's mutual savings banks, with a somewhat parallel instrument, Noninterest-bearing Negotiable Orders of Withdrawal or NINOW accounts, which have had very little impact.

He noted that the savings associations are in the front lines in the conflict over statewide branching and merging of financial institutions. Secretary McEnteer said the reason for this is the determination of the Federal Home Loan Bank Board to permit Pennsylvania federally-chartered savings associations statewide branching powers. He said he views the whole question with an open mind but feels we should learn from the experience of neighboring states. Secretary McEnteer warned that should one group of state-chartered institutions be granted statewide branching parity with federally-chartered savings and loans, it would result in demands from other institutions that they be granted like authority.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

MAR 29 1979  
**NEWS  
RELEASE**

CONTACT: 717-787-2112

FOR RELEASE: MARCH 7, 1979

PB1.17/8  
3/7/79  
C-2

Harrisburg - Ben McEnteer, Pennsylvania Secretary of Banking, today announced that the ceiling/maximum rate remained unchanged for the month of April at 11% on residential mortgages of \$50,000 or less. The maximum or ceiling for March, announced early in February, went to 11% for the first time since the Department began computing the figure under legislative mandate in 1974.

This maximum rate is arrived at by adding 2.50% to the yield rate on long-term Government bonds as announced by the Federal Reserve Board, Washington, D. C., and the U. S. Treasury. The latest yield rate on long-term Government securities was 8.43%. Adding 2.50% gives a total of 10.93% that rounds off to the nearest quarter at 11%. In April of 1978 the interest ceiling or maximum rate was 10%.

##







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

MAR 13 1979

# NEWS RELEASE

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

6/17/81 1779/3/9 c.2

CONTACT: 717-787-2112

FOR RELEASE: MARCH 9, 1979

Harrisburg - Pennsylvania Secretary of Banking Ben McEnteer has been named to the Federal Legislation Committee of the Conference of State Bank Supervisors (CSBS), Washington, D. C., to succeed former Secretary of Banking William E. Whitesell, who has returned to the staff of the Economics Department of Franklin and Marshall College, Lancaster, Pennsylvania. Secretary McEnteer resigned as chairman of the \$500-million Pennsylvania Bank and Trust Co., Titusville, Pennsylvania, to become the Commonwealth's 14th chief executive of the Banking Department, and member of Governor Thornburgh's Cabinet.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

61.17/8:1979/3/22 c2  
CONTACT: 717-787-2112

FOR RELEASE: Beginning Thursday,  
March 22, 1979

Secretary of Banking Ben McEnteer today released the consolidated statement of all State-chartered banking institutions as of December 31, 1978 compared with December 31, 1977.

Pennsylvania State-chartered institutions recorded substantial gains in resources in 1978. Total resources reflect an all time high of \$36,503,558,000, an increase of \$3,214,672,000 or 9.66%. Net operating earnings were \$331,255,000, an increase of \$53,537,000 up 19.28% from \$277,718,000 on December 31, 1977.

During this period, the number of branches increased from 1,156 to 1,196 and total banking offices from 1,320 to 1,357. Mergers of two National banks into State banks, two State banks into National banks, and two State banks into other State banks were approved. One National bank converted to a State-chartered bank.

Attention is directed to the appended consolidated statement and compilations of important ratios.

##







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MARCH 27, 1979

Harrisburg - Pennsylvania Secretary of Banking Ben McEnteer today stated that it would be very difficult for foreign investors or banks to acquire control of any of the state's banks without regulatory approval because of Pennsylvania's strict banking regulations and disclosure requirements. Acquisition of domestic banks is considered a real threat in some of the major banking centers of the nation and some state banking regulators are actively seeking the assistance of the Federal Reserve Board in controlling such acquisitions.

Secretary McEnteer remarked that interest in acquisitions is strong because it is generally recognized that stocks of many of the nation's largest banks are now undervalued. Further complicating this situation is the fact that the value of the dollar in relation to other world currencies has suffered a serious decline. Therefore, stock prices measured in such terms are greatly discounted and represent attractive buys for cash-laden foreigners, affording them a margin of safety and potential appreciation as world conditions improve.

Under governing law which in Pennsylvania is Section 112 of the Banking Code of 1965, no individual or entity is permitted to purchase more than 10 per cent of the stock of a state- or nationally-chartered bank or bank holding company in Pennsylvania without receiving the prior approval of the Banking Department. Pennsylvania's Secretary of Banking mentioned that thus far no foreign tender offers have been made for the stock of any such institutions in Pennsylvania.

Last year for the first time in the state's history, foreign banks, under supervision of the Banking Department, were permitted to open offices in Pennsylvania. Foreign Banks have since established offices in Pittsburgh and Philadelphia. Offices of foreign organizations are advantageous to Pennsylvania business and industry, as their operations bolster the state's growing foreign trade and assure reciprocity for our banks contemplating offices abroad.





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG, PENNSYLVANIA 17120

BEN MCENTEER  
SECRETARY OF BANKING

March 30, 1979

PROCLAMATION

ALL STATE AND NATIONAL BANKS AND OTHER FINANCIAL INSTITUTIONS IN AN AREA THREATENED BY THE SPREAD OF NUCLEAR RADIATION RESULTING FROM THE ACCIDENT AT THE THREE MILE ISLAND NUCLEAR PLANT ARE AUTHORIZED TO CLOSE AND EVACUATE THEIR PERSONNEL AS DIRECTED BY CIVIL DEFENSE AUTHORITIES. AS PROVIDED BY LAW, THOSE INSTITUTIONS THAT CLOSE OFFICES SHALL GIVE WRITTEN NOTICE TO THEIR PRIMARY SUPERVISORY AUTHORITY AS TO THE DURATION OF THEIR CLOSING WITHIN FIVE BUSINESS DAYS AFTER RESUMPTION OF REGULAR BUSINESS OPERATIONS.

A handwritten signature in cursive script, likely of Ben McEnteer, Secretary of Banking.







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

APR 20 1979

NEWS  
RELEASE

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

3/17/8:1979/4/2 c.2

CONTACT: 717-787-2112

FOR RELEASE: IMMEDIATELY - 4/2/79

Harrisburg--Pennsylvania Secretary of Banking Ben McEnteer in a statement to the principle officers of the banks and other financial institutions in the four-county area surrounding the disabled Three Mile Island nuclear plant called upon those officers to use good business judgment and their sense of community responsibility to aid their customers in meeting whatever emergencies may arise as the nuclear reactor is brought under control.

For those who decide to leave the area, Secretary McEnteer warned against carrying excessive amounts of cash on their person. He advised taking only amounts of cash needed for travel expenses, using other means such as travelers checks and/or bank credit cards if need be. He said professional criminals are always prepared to take advantage of such situations. The Secretary counseled that depositors should realize that their bank and savings accounts are insured up to \$40,000 per account. He further explained that all banks maintain carefully updated, duplicate records at atom bomb-proof locations in deep mines at little known points throughout the state. Therefore, depositors should not withdraw large amounts of cash because of any anxiety that a bank building or records might be damaged.

All financial institutions have emergency preparedness programs that have been carefully worked out in cooperation with state and federal regulatory agencies.

##



APR 24 1979



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: APRIL 4, 1979

B1.17/8  
Apr. 4, 1979  
C-2

Harrisburg - On Pennsylvania residential mortgages of \$50,000 or less the ceiling maximum rate for May remains unchanged at 11%, it was announced today by Secretary of Banking Ben McEnteer. The maximum rate touched 11% for the first time in March, and held at that level for April.

The maximum ceiling level is computed by the Banking Department under legislative mandate by adding 2.50 percentage points to the yield rate on long-term government bonds as reported by the Federal Reserve Board, Washington, and/or the U. S. Treasury. The latest yield rate was announced as 8.45% to which was added 2.50% for a total of 10.95% that rounds off to 11%.

Starting off this year the ceiling maximum rate was 10 3/4% for January and February. In May of 1978 the rate was 10%.

##







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MAY 22, 1979

Harrisburg - "Successful Mortgage Hunting: A Beginner's Guide" is being distributed by the Pennsylvania Department of Banking. This is the third in the Department's "Dollars and Cents" pamphlet series. Copies can be obtained from the Department of Banking, 433 Education Building, Harrisburg, PA 17120.

Secretary of Banking Ben McEnteer commented that these pamphlets are part of the Department's effort to improve communications between the state's financial institutions and the public.

"Successful Mortgage Hunting" stresses that individuals looking for a mortgage should contact all available sources in their area. The short pamphlet sticks to basics. It urges the would-be borrower to ask questions of possible lenders and to make comparisons. It notes that a rejection by one institution may not be a reflection on the borrower's credit status, but is simply an indication that the institution in question may have all the mortgages it feels it needs in its investment portfolio.

Other "Dollars and Cents" pamphlets are #1, "Checking Up On Check Cashing" and #2, "Shopping For A Loan". These also are obtainable from the Department.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: MAY 23, 1979

Harrisburg - Pennsylvania Secretary of Banking Ben McEnteer, while endorsing President Carter's call for the payment of higher savings rates for the small saver, including the phasing out of the rate differential between thrift institutions and commercial banks, stressed that whatever changes are made should result in complete parity between all types of depository institutions accepting savings deposits.

The Secretary stated, "I have always been an advocate of the free enterprise system, which in the financial area would allow the marketplace to determine interest rates both for the saver and the borrower." Currently, under Federal Reserve Regulation Q, thrift institutions are allowed to pay 5 1/4 percent on passbook savings, compared to 5 percent for commercial banks. The 1/4 of 1 percent differential is in general maintained throughout the various types of savings accounts offered by the two kinds of institutions.

While thrift institutions will probably oppose the dropping of the interest rate differential, the Secretary said, at the same time, commercial banks will question the power to be granted the thrifts to offer consumer loans up to 10% of assets. There also will be disputes over the granting to all institutions the power to offer checking accounts and to pay interest on checking accounts. The President too has called for the use of variable rate mortgages.

Secretary McEnteer commented that for "money market" rates to be made available to the small savers may mean that the usury laws of some states will have to be changed. He added that higher savings rates will necessitate higher loan rates which will require legislative permission in some states. Financial institutions should not pay more for their inventory (deposits) than they charge for their product (loans). In a free, competitive market, it is generally the public who benefits.







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

JUN 05 1979  
**NEWS  
RELEASE**

CONTACT: 717-787-2112

FOR RELEASE: Beginning Wednesday,  
May 23, 1979

P 81,17/8  
5-23-79  
C 2

Secretary of Banking Ben McEnteer today released the consolidated Report of Condition of State-chartered banking institutions as of March 31, 1979.

Total resources of Pennsylvania's State-chartered banks reached a new all time high of \$36,841,723,000 and reflect an increase of \$3,176,628,000, up 9.4% from March 31, 1978. Increases of \$2,519,530,000 in deposits and \$228,066,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$2,407,966,000 in loans and \$322,263,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 60.8%; securities investments - 27.5%; cash and due from banks - 7.9%; and all other resources - 3.8%. The ratio of total capital accounts to total deposits is 10.1%. The loans to deposit ratio is 73.5%. The total capital accounts to total resources ratio is 8.3%.

During this period the number of branches increased from 1,164 to 1,211 and banking offices now total 1,372.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: June 5, 1979

Harrisburg--Pennsylvania Secretary of Banking Ben McEnteer announced today an 11% July ceiling/maximum rate for residential mortgages of \$50,000 or less in the Commonwealth. July will be the fifth month at which the maximum rate has held at 11%.

Under law the Banking Department computes the monthly ceiling rate by adding 2.50 percentage points to the yield rate on long-term government bonds as announced by the Federal Reserve Board and the U. S. Treasury. The latest yield rate on long-term government securities was 8.55%. Adding 2.50 percentage points gives a total of 11.05%, which is rounded off to 11%. In July of 1978, the ceiling rate was 10 $\frac{1}{4}$ %. This year the rate started out at 10  $\frac{3}{4}$ % for January and February and then advanced to 11% in March, where it has held.

##





ANNOUNCEMENT BY THE DEPARTMENT OF BANKING

The Pennsylvania Department of Banking, beginning in August, will cease to mail the monthly news release on the residential mortgage ceiling rate to many financial institutions and individuals in the state and elsewhere. This service is being discontinued because of cost. However, the news release to the news media will continue unchanged for dissemination to the general public. Use by the various media of the monthly residential mortgage rate announcement depends upon the editorial judgement of reporters and editors.

However, all state-chartered banks, mutual savings banks, savings and loan associations and most other financial institutions, as well as many individuals, already receive the monthly mortgage rate announcement as it is published in the weekly Pennsylvania Bulletin, the Commonwealth's publication of record. The announcement will continue to appear in the Pennsylvania Bulletin each month. For those who do not otherwise have access to the Pennsylvania Bulletin, a subscription costs \$35.00 and checks can be sent to the Pennsylvania Bulletin, Department of General Services, Post-Office Box 1365, 10th and Market Streets, Harrisburg, PA 17125.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: July 5, 1979

Harrisburg - Pennsylvania Secretary Ben McEnteer announced today that the ceiling maximum rate on residential mortgages of \$50,000 or less for the month of August had declined to 10 3/4%, down from 11% for July. This is the first decrease in the residential mortgage ceiling rate since October of 1978.

The Banking Department under law each month computes the maximum mortgage rate for Pennsylvania by adding 2.50 percentage points to the yield rate on long-term Government bonds as computed by the Federal Reserve Board, Washington, D. C., and/or the U. S. Treasury. The latest long-term yield rate is 8.32% to which the Department added 2.50% for a total of 10.82%, that rounds off to the nearest quarter at 10 3/4%.

In August of 1978 the maximum mortgage ceiling was 10 1/2%. This year the maximum rate was 10 3/4% for January and February, and 11% for March through July.

##







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: August 6, 1979

Harrisburg - Ben McEnteer, Pennsylvania Secretary of Banking, today announced the interest ceiling maximum rate on residential mortgages of \$50,000 or less would continue at 10 3/4% for the month of September. The ceiling rate dropped to 10 3/4% for August after holding at 11% for the previous five months.

By law, the Department of Banking each month computes the maximum rate allowed on residential mortgages. The figure is arrived at by adding 2.50 percentage points to the yield rate on long-term government securities as published by the Federal Reserve Board and/or the U. S. Treasury. The latest long-term yield rate was 8.35% to which was added 2.50% for a total of 10.85% that rounds off to the nearest quarter as 10 3/4%.

In September of 1978 the ceiling rate was 10 1/2%. This year it was 10 3/4% for January and February, 11% for March through July, and 10 3/4% since then.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: AUGUST 23, 1979

Harrisburg - Pennsylvania Secretary of Banking Ben McEnteer today announced that Commonwealth Court has upheld the Department's regulation interpreting the Consumer Discount Company Act. This important decision will result in consumer discount companies being able to continue to accommodate customers with loans in excess of \$5,000.

The case was argued for the Department by Assistant Attorney General Bonnie McRobbie, counsel for the Department. The plaintiff in the suit, Beneficial Consumer Discount Company, contended that the Consumer Discount Company Act requires that only a maximum of 6% per annum simple interest be charged on the total loan when the loan is in excess of \$5,000.

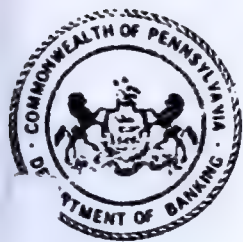
As Judge Genevieve Blatt stated in the Opinion, if all loans in excess of \$5,000 were limited to 6%, this "would effectively limit to \$5,000 the amount which consumer discount companies could lend because no institution would lend more if it could charge only 6% on the entire amount."

Under the Consumer Discount Company Act loans up to and including \$5,000 are discounted at the annual rate of \$9.50 per hundred dollars of loan for the first 36 months of the life of the loan. For the remainder of the contract term, up to a maximum of 24 months and 15 days, the annual rate is \$6 per hundred dollars of loan. Discounted loans are restricted to 5 years and 15 days.

As an alternative, a consumer discount company can grant loans not in excess of \$5,000 and charge a maximum rate of 2% per month on the unpaid principal balance. On any amount loaned in excess of \$5,000, interest must be computed at the annual rate of 6% simple interest. This type of loan can be for maturities in excess of 5 years.







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: September 6, 1979

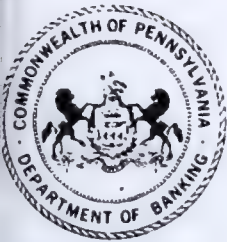
Harrisburg - Pennsylvania's interest ceiling maximum rate on residential mortgages of \$50,000 or less will be 11% in October, it was announced today by Secretary of Banking Ben McEnteer. The ceiling for this month, September, is 10 3/4%.

Computation of the ceiling rate is by law based on the yield rate of long-term U. S. Government bonds as announced each month by the Federal Reserve Board and/or the U. S. Treasury. The latest yield rate on long-term Governments was set at 8.42%, to which is added by law 2.50 percentage points for a total of 10.92%, that is rounded off to the nearest quarter as 11%.

The mortgage ceiling rate pattern for 1979 has been as follows:  
10 3/4% for January and February; 11% for March through July; and 10 3/4% for August and September.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

SEP 26 1979

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Wednesday,  
September 19, 1979

PBI.17/8  
9/79  
C12

Secretary of Banking Ben McEnteer today released the consolidated Report of Condition of State-chartered banking institutions as of June 30, 1979.

Total resources of Pennsylvania's State-chartered banks reached a new all time high of \$37,830,155,000 and reflect an increase of \$3,342,878,000, up 9.7%, from June 30, 1978. Increases of \$2,337,287,000 in deposits and \$254,290,000 in capital accounts were principal factors in contributing to the growth and provided funds for increases of \$2,652,462,000 in loans and \$183,295,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: Loans and discounts - 61.6%; securities investments - 26.5%; cash and due from banks - 8.4%; and all other resources - 3.5%. The ratio of total capital accounts to total deposits is 10.1%. The loans to deposit ratio is 74.7%. The total capital accounts to total resources ratio is 8.3%.

Net operating earnings for all State-chartered banking institutions as of June 30, 1979, were \$176,001,000, an increase of \$11,693,000, up 7.1%, from \$164,308,000 on June 30, 1978.

During this period the number of branches increased from 1,175 to 1,218 and banking offices now total 1,379.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a Comparative Statement of Condition of Pennsylvania State banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for trust departments of State institutions authorized to do a fiduciary business under the supervision of this Department.

	June 30, 1979	June 30, 1978	Increase+ Decrease-	
<b>RESOURCES</b>				
Cash, Due from Banks, etc.	\$ 2,384,571	\$ 2,137,973	\$ 246,598+	
U.S. Government and Agency Obligations	4,510,802	4,324,130	186,672+	
Obligations of State and Political Subdivisions	3,498,772	3,484,565	14,207+	
Other Bonds, Notes, Debentures and Corporate Stocks	3,895,753	3,913,337	17,584-	
Federal Funds Sold	699,176	549,761	149,415+	
Loans and Discounts	21,655,521	19,003,059	2,652,462+	
Bank Premises & Furn. & Fixt.	411,889	364,037	47,852+	
Other Real Estate	51,659	72,641	20,982-	
Other Resources	722,012	637,774	84,238+	
<b>Total Resources</b>	<b>\$37,830,155</b>	<b>\$34,487,277</b>	<b>\$3,342,878+</b>	
<b>LIABILITIES</b>				
Demand Deposits	\$ 5,845,459	\$ 5,836,951	\$ 8,508+	
Time and Savings Deposits	26,395,702	24,066,923	2,328,779+	
Federal Funds Purchased	1,642,428	1,226,074	416,354+	
Borrowed Money	433,873	118,845	315,028+	
Other Liabilities	662,868	642,949	19,919+	
<b>Total Liabilities</b>	<b>\$34,980,330</b>	<b>\$31,891,742</b>	<b>\$3,088,588+</b>	
<b>CAPITAL ACCOUNTS</b>				
Capital Securities	\$ 334,258	\$ 332,230	\$ 2,028+	
Capital Stock	331,166	314,441	16,725+	
Net Worth of Private Banks	5,719	5,323	396+	
Surplus	1,372,287	1,359,218	13,069+	
Undivided Profits	755,043	541,626	213,417+	
Reserves	51,352	42,697	8,655+	
<b>Total Capital Accounts</b>	<b>\$ 2,849,825</b>	<b>\$ 2,595,535</b>	<b>\$ 254,290+</b>	
<b>Total Liabilities and Capital Accounts</b>	<b>\$37,830,155</b>	<b>\$34,487,277</b>	<b>\$3,342,878+</b>	
<b>RESOURCES (By Type of Institution)</b>				
Banks	\$ 1,599,814	\$ 1,490,827	\$ 108,987+	
Bank and Trust Companies	23,065,865	21,051,327	2,014,538+	
Savings Banks	13,084,864	11,878,243	1,206,621+	
Private Banks	67,855	56,162	11,693+	
Trust Companies	11,757	10,718	1,039+	
<b>Total Resources</b>	<b>\$37,830,155</b>	<b>\$34,487,277</b>	<b>\$3,342,878+</b>	
<b>TRUST FUNDS</b>	<b>\$16,188,478</b>	<b>\$15,092,285</b>	<b>\$1,096,193+</b>	
<b>TOTAL DEPOSITS</b>	<b>\$32,241,161</b>	<b>\$29,903,874</b>	<b>\$2,337,287+</b>	
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>				
	Institutions	Operating Branch Offices	Institutions	Operating Branch Offices
Banks	51	69	54	67
Bank and Trust Companies	95	957	93	921
Savings Banks	8	189	8	185
Private Banks	5	3	5	2
Trust Companies	2	0	2	0
<b>Total</b>	<b>161</b>	<b>1,218</b>	<b>162</b>	<b>1,175</b>





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG, PENNSYLVANIA 17120

BEN MCENTEER  
SECRETARY OF BANKING

N O T I C E

All State and National banks and other financial institutions having offices in the City of Philadelphia are authorized to close any such offices on Wednesday, October 3, 1979, and Thursday, October 4, 1979, if the normal operations of such offices, particularly those in the center city area, may be interfered with as a result of the anticipated crowds of people assembling for the visit of Pope John Paul II.

In accordance with law, those institutions that close any offices shall give written notice to their primary supervisory authority as to the duration of their closing within five business days after resumption of regular business hours.

A handwritten signature in dark ink, appearing to read "Ben McEnteer", written over a horizontal line.

Ben McEnteer  
Secretary of Banking

September 26, 1979







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: October 4, 1979

Harrisburg - Pennsylvania Secretary of Banking, Ben McEnteer, today announced that the interest ceiling maximum rate on residential mortgages of \$50,000 or less will be 11 1/4% for the month of November, up from 11% for October.

By law the mortgage ceiling rate is computed by the Department for the succeeding month by adding two and a half percentage points to the yield rate on long-term government bonds as computed by the Federal Reserve Board and/or the U. S. Treasury. The latest yield rate on long-term government bonds is 8.68% to which is added 2.50% for a total of 11.18% that is rounded off to the nearest quarter at 11 1/4%.

The 11 1/4% maximum mortgage rate for November compares with 10 1/4% in November of 1978. This year mortgage rates started off at 10 3/4% for January and February, 11% for March through July, 10 3/4% for August and September.

Commercial banks, if they choose, are allowed by law to use a mortgage rate that is computed by adding one percent to the discount rate set by the Federal Reserve Bank. The discount rate now is at a historic high of 11%, and therefore, a commercial bank may elect to add one percent to the discount rate of 11% and use a mortgage rate of 12%.

##





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

# NEWS RELEASE

CONTACT: 717-787-2112

FOR RELEASE: November 8, 1979

Harrisburg - The interest ceiling was advanced to 12 per cent on Pennsylvania residential mortgages of \$50,000 or less for the month of December, it was announced today by Secretary of Banking Ben McEnteer. This is an increase of three-quarters of one per cent from the November maximum of 11 1/4%, and is the highest level reached since the mortgage ceiling was established by legislation in 1974.

By law, the Banking Department computes each month the mortgage ceiling maximum rate for the succeeding month. The computation is based on the yield rate on long-term Government bonds as announced by the Federal Reserve Board and/or the U. S. Treasury. The latest yield rate on long-term Governments is 9.44% to which is added by law 2.50 percentage points for a total of 11.94%, that is rounded off to 12%. In December of 1978 the ceiling was 10 1/2%.

This year the ceiling rate pattern has been 10 3/4% for January and February, 11% for March, April, May, June and July, 10 3/4% for August and September, 11% for October, 11 1/4% for November and now 12% for December.

##







COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

Dick Thornburgh  
Governor

433 Education Bldg.  
Harrisburg, PA 17120

Ben McEnteer  
Secretary

NEWS  
RELEASE

CONTACT: 717-787-2112

FOR RELEASE: Beginning Friday,  
December 7, 1979

PB1.17/8  
12/79  
C.2

Secretary of Banking Ben McEnteer today released the consolidated report of condition of State-chartered banking institutions as of September 30, 1979.

Total resources of Pennsylvania's State-chartered banks were \$38,998,944,000, a new high, on September 30, 1979, and reflect an increase of \$3,481,284,000 (9.8%) compared to September 30, 1978.

During this comparative period, increases of \$2,408,844,000 in total deposits and \$255,753,000 in total capital accounts were principal factors in this growth and provided funds for increases of \$2,435,586,000 in loans and \$129,423,000 in investments.

Total resources of State-chartered commercial banks are distributed as follows: loans and discounts - 62.0%; securities investments - 25.8%; cash and due from banks - 8.6%; and all other resources - 3.6%. The ratio of total capital accounts to deposits is 10.0%. The loan to deposit ratio is 75.9%. Total capital accounts to total resources is 8.2%.

During this period the number of branches increased from 1,190 to 1,225 and total banking offices from 1,351 to 1,386.

##

PENNSYLVANIA STATE LIBRARY  
DOCUMENTS SECTION





COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING  
HARRISBURG

(Dollar Figures in Thousands)

The following is a comparative statement of condition of Pennsylvania state banks, bank and trust companies, savings institutions, private banks and trust companies. Also presented are figures for trust departments of state institutions authorized to do a fiduciary business under the supervision of this Department.

	September 30, 1979	September 30, 1978	Increase+ Decrease-	
<b>RESOURCES</b>				
Cash, Due from Banks, etc.	\$ 2,520,434	\$ 2,141,951	\$ 378,483+	
U.S. Government and Agency Obligations	4,615,114	4,382,819	232,295+	
Obligations of State and Political Subdivisions	3,566,027	3,639,906	73,879-	
Other Bonds, Notes, Debentures and Corporate Stocks	3,838,730	3,867,723	28,993-	
Federal Funds Sold	1,178,450	795,048	383,402+	
Loans and Discounts	22,031,625	19,596,039	2,435,586+	
Bank Premises & Furn. & Fixt.	419,110	382,978	36,132+	
Other Real Estate	45,771	71,978	26,207-	
Other Resources	783,683	639,218	144,465+	
Total Resources	<u>\$38,998,944</u>	<u>\$35,517,660</u>	<u>\$3,481,284+</u>	
<b>LIABILITIES</b>				
Demand Deposits	\$ 5,859,787	\$ 5,828,714	\$ 31,073+	
Time and Savings Deposits	27,132,824	24,755,053	2,377,771+	
Federal Funds Purchased	1,849,630	1,492,912	356,718+	
Borrowed Money	459,857	121,651	338,206+	
Other Liabilities	779,506	657,743	121,763+	
Total Liabilities	<u>\$36,081,604</u>	<u>\$32,856,073</u>	<u>\$3,225,531+</u>	
<b>CAPITAL ACCOUNTS</b>				
Capital Securities	\$ 334,117	\$ 328,165	\$ 5,952+	
Capital Stock	334,724	316,018	18,706+	
Net Worth of Private Banks	6,580	6,150	430+	
Surplus	1,532,125	1,389,511	142,614+	
Undivided Profits	680,627	577,264	103,363+	
Reserves	29,167	44,479	15,312-	
Total Capital Accounts	<u>\$ 2,917,340</u>	<u>\$ 2,661,587</u>	<u>\$ 255,753+</u>	
Total Liabilities and Capital Accounts	<u>\$38,998,944</u>	<u>\$35,517,660</u>	<u>\$3,481,284+</u>	
<b>RESOURCES (By Type of Institution)</b>				
Banks	\$ 1,591,956	\$ 1,491,378	\$ 100,578+	
Bank and Trust Companies	24,093,312	21,833,411	2,259,901+	
Savings Banks	13,227,377	12,125,564	1,101,813+	
Private Banks	74,086	56,291	17,795+	
Trust Companies	12,213	11,016	1,197+	
Total Resources	<u>\$38,998,944</u>	<u>\$35,517,660</u>	<u>\$3,481,284+</u>	
<b>TRUST FUNDS</b>	<u>\$16,889,705</u>	<u>\$15,719,941</u>	<u>\$1,169,764+</u>	
<b>TOTAL DEPOSITS</b>	<u>\$32,992,611</u>	<u>\$30,583,767</u>	<u>\$2,408,844+</u>	
<b>NUMBER OF INSTITUTIONS AND BRANCH OFFICES</b>				
	<u>Institutions</u>	<u>Operating Branch Offices</u>	<u>Institutions</u>	<u>Operating Branch Offices</u>
Banks	51	68	52	67
Bank and Trust Companies	95	965	94	935
Savings Banks	8	189	8	186
Private Banks	5	3	5	2
Trust Companies	2	0	2	0
	<u>161</u>	<u>1,225</u>	<u>161</u>	<u>1,190</u>











